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IN THE CIRCUIT COURT OF THE FIFTEENTH JUDICIAL CIRCUIT
IN AND FOR PALM BEACH COUNTY, FLORIDA
CASE NO.:

WANG JUE, an individual; WANG JIAN, an individual; SUN MENYANG, an individual; GAO LI, an individual; CHEN JUN, an individual; ZHANG SHIKUN, an individual; CHENG LI, an individual; TAN JING, an individual; LI XIANG, an individual; LIU DANQING, an individual; MAN MINGYUE, an individual; WANG JING, an individual; and LIU CHENGLIN, an individual;

Plaintiffs,

v.

JOSEPH WALSH, an individual; JOSEPH WALSH, JR., an individual; J. MARCUS PAYNE, an individual; SOUTH ATLANTIC REGIONAL CENTER, LLC, a Florida Limited Liability Company; UNITED STATES REGIONAL CENTER, LLC, a Delaware Limited Liability Company; JJW CONSULTANCY, LTD., a Hong Kong Company; GERRY MATTHEWS, an individual; MARIA a/k/a MIA MATTHEWS, an individual; RYAN BLACK, an individual; CRAIG BODEN, an individual; THIRD SEVEN CAPITAL, LLC, a Delaware Limited Liability Company; SILVER LEAF PARTNERS, LLC, a New York Limited Liability Company; PALM HOUSE, LLC, a Delaware Limited Liability Company; PALM HOUSE PB, LLC, a Florida Limited Liability Company; MIRABIA, LLC, a Delaware Limited Liability Company; BONAVENTURE 22, LLC, a Florida Limited Liability Company; ALIBI LLC, a Delaware Limited Liability Company; NICHOLAS LAUDANO, an individual; NEW HAVEN CONTRACTING SOUTH, INC., a Florida corporation; BOTTICELLI ADVISORS, LLC, a Florida Limited Liability Company; NJL DEVELOPMENT GROUP LLC, a Delaware Limited Liability Company; LESLIE ROBERT EVANS, an individual; LESLIE ROBERT EVANS & ASSOCIATES, P.A., a Florida professional association; KK-PB FINANCIAL, LLC, a Florida Limited Liability Company; GLENN STRAUB, an

individual; and PALM HOUSE HOTEL, LLLP, a
Florida limited liability limited partnership;

Defendants.

**COMPLAINT AND
REQUEST FOR INJUNCTIVE RELIEF**

Plaintiffs WANG JUE, WANG JIAN, SUN MENYANG, GAO LI, CHEN JUN, ZHANG SHIKUN, CHENG LI, TAN JING, LI XIANG, LIU DANQING, MAN MINGYUE, WANG JING and LIU CHENGLIN (collectively “Plaintiffs,” the “Other Palm House Litigants” or “OPHLs”), hereby file their Complaint and Request for Injunctive Relief (the “Complaint”) against Defendants JOSEPH WALSH (“Walsh”), JOSEPH WALSH, JR. (“Walsh Jr.”), J. MARCUS PAYNE (“Payne”), SOUTH ATLANTIC REGIONAL CENTER, LLC (“SARC”), UNITED STATES REGIONAL CENTER, LLC (“USREDA”), WALSH ASIA (“Walsh Asia”), RYAN BLACK (“Black”), CRAIG BODEN (“Boden”), DAVID DERRICO (“Derrico”), GERRY MATTHEWS, PALM HOUSE LLC, PALM HOUSE PB, LLC (“Palm House PB”), MIRABIA, LLC, (“Mirabia”) BONAVENTURE 22, LLC (“Bonaventure”), ALIBI LLC (“Alibi”), NICHOLAS LAUDANO (“Laudano”), NEW HAVEN CONTRACTING SOUTH, INC. (“NHCS”), BOTTICELLI ADVISORS, LLC (“BOTTICELLI”), NJL DEVELOPMENT GROUP LLC (“NJL”), MARIA A/K/A MIA MATTHEWS, LESLIE ROBERT EVANS (“Evans”), LESLIE ROBERT EVANS & ASSOCIATES, P.A. (“Evans Law Firm”), (together, Leslie Robert Evans and Leslie Robert Evans & Associates, P.A. shall be referred to as the “Evans Defendants”), KK-PB FINANCIAL, LLC. GLENN STRAUB (collectively, the “Bad Actors”), along with PALM HOUSE HOTEL, LLLP, SILVER LEAF PARTNERS, LLC (“Silver Leaf”) and THIRD SEVEN CAPITAL, LLC (“Third Seven”) (collectively, the Bad Actors, Silver Leaf, Third Seven and Palm House Hotel, LLLP shall be referred to as the “Defendants”), and state as follows:

INTRODUCTION

1. The OPHLs are 13 EB-5 investors originally from China (one of whom now resides in Palm Beach County, Florida) who are among 90 victims of the Palm House Hotel EB-5 fraud

which has been the subject of news stories of predicate acts of wrongdoing, SEC actions and criminal indictments (the “Palm House Enterprise”). Over \$45 million of funds from EB-5 investors, including over \$7 million of that of the OPHLs, was frittered away in self-dealing and wrongful conduct perpetrated or aided by Defendants, some of whom have been engaged in other EB-5 frauds.

2. The Bad Actors conspired to fraudulently induce the OPHLs and others to invest \$500,000 in the Palm House Enterprise, in addition to a \$40,000-\$60,000 “administrative fee” from which some money was allegedly used for the payment of legal services of dubious value.

3. As is customary in the EB-5 industry, the OPHLs’ funds were supposed to be held in an escrow account or at least represented in some sort of reserve account unless and until their I-526 immigration petitions (“I-526s”) were approved by United States Citizenship and Immigration Services (“USCIS”).

4. If and when the OPHLs’ I-526s were approved, under the investment documents and applicable law, the funds by law were only supposed to be used to complete their EB-5 job creating project. See 8 C.F.R. §§ 204.6(j); 216(a). The Palm House Enterprise, for each investor’s \$500,000 investment, was purported to create at least 10 full-time jobs for qualifying U.S. workers based on completion of the renovation and development of the Palm House Hotel into a flourishing business. These funds instead found their way into the pockets of several of the Bad Actors or others, or were simply wasted through various predicate acts of conversion and fraud in furtherance of the Palm House Enterprise.

5. The Palm House Enterprise solicited and obtained EB-5 investors through 2015. However, funds of EB-5 investors, including those of the OPHLs, were not held in escrow pending I-526 approval or reserved in the event they were used. Instead, the Palm House Enterprise relied upon a rogue’s gallery of companies and individuals to carry out its malevolent objectives.

6. Once funds were committed to the Palm House Enterprise, those funds were deposited into a fake escrow account -- which was in reality just a regular business checking account -- and then distributed to other accounts and thereafter looted by the Bad Actors involved and aiding in the malevolent enterprise.

7. Specifically, once the OPHLs' funds and those of others arrived in the fake escrow account, most of the money was quickly moved to a second "clearing" account.

8. From those two accounts, funds were "skimmed" right off the top by Defendant Joseph Walsh and his affiliated companies, as he admitted under oath in a related state court action, and never sent to the Palm House Hotel EB-5 project or anyone purportedly associated with the project. Rather, those funds were likely used for non-allowable purposes, including lavish parties on Walsh's boat, at least one of which is believed to have been headlined by rapper Flo-Rida, who supposedly was assisting on an EB-5 project for Walsh involving a motorsports venture.

9. As part of the Palm House Enterprise, the funds of the OPHLs and others were also moved to the Evans Defendants and thereafter used by several of the Bad Actors for non-allowable purposes including, upon information and belief, personal tax and mortgage expenses, a 151 foot yacht that cost almost \$6,000,000, expensive homes, commercial investment property, a pizza parlor, cars, vacations and six-figure memberships at the Breakers and the Mar-a-Lago Club, all wholly unrelated to the creation of jobs at the Palm House Hotel, and all in violation of EB-5 regulations.

10. Virtually none of the OPHLs' funds were used to renovate and develop the Palm House Hotel, no EB-5 jobs were created and no EB-5 visas were issued to any of the OPHLs. This is par for the course with the EB-5 projects in which Walsh and his regional centers have been involved, as only a handful of the dozens of people investing with Walsh have ever received EB-5 immigration benefits (or have any hope of receiving them) from a project in which he has been involved.

11. The Palm House Enterprise solicited and obtained EB-5 investors through 2015 from Brazil and elsewhere, even after it was clear to those involved with its operation that no jobs would ever be created for EB-5 benefits. Compounding matters further, the Bad Actors kept the OPHLs in the dark, engaged in a practice of lulling, and used the legal system to placate the OPHLs and to cover up their conduct by bringing neutered, passive claims against one another. While this may have given the appearance -- to the press and to the courts -- that justice was being pursued, in reality the legal "actions" did nothing to right the wrongs or return the funds, and were controlled by the Bad Actors using the stolen funds of the EB-5 investors. As a result, those actions, purportedly to help and on behalf of the victims, actually hurt them and served as obstacles to their attempts to obtain visas, discover what happened, and ultimately seek redress. Meanwhile, those legal "actions" served to perpetuate the Palm House Enterprise, and allowed the Bad Actors to shamelessly box out the victims while they continued to dissipate the assets.

12. On top of this, Walsh with the approval of several of the Bad Actors and others involved in the Palm House Enterprise, actually corresponded with EB-5 investors and issued press releases at the same to tell them that all was well with their investments and that legal action was not necessary to protect their interests, when at the same time the Palm House Enterprise continued to facilitate the self-dealing and wrongdoing of those in control of its operations and finances, including predicate acts of several of the Bad Actors.

13. The OPHLs come to this Court with clean hands, are entitled to equitable tolling of all statutes of limitation to the extent necessary to facilitate justice, and seek injunctions freezing and preserving what remains of their funds, to dissolve and pierce the limited partnership and any other entities that have been or continue to be used to perpetrate fraud on the OPHLs and others, and to enter all appropriate orders so that they can pursue their rights against all persons that received stolen funds, benefited from stolen funds, and/or actively conspired with or aided and abetted those that did.

14. The Palm House Enterprise operated as follows:
- (a) The Bad Actors preyed on EB-5 investors seeking a path to United States residency for themselves and their minor children.
 - (b) The Palm House Enterprise fraudulently obtained \$500,000, plus \$40,000-\$60,000 in administrative fees and "legal fees" from each EB-5 investor through the sale of alleged interests in Palm House Hotel, LLLP, a Florida limited liability partnership that would be involved in the development of the Palm House Hotel, claiming that the investment would qualify them under the EB-5 program administered by United States Citizenship and Immigration Services ("USCIS").
 - (c) The Bad Actors materially, indeed crucially, represented, among other things, that:
 - (i) There was a 100% guaranty for the return of the OPHLs' investment and fees in the event their I-526 petition is denied;
 - (ii) 100% of the OPHLs' funds would be held in escrow until their Form I-526 immigration petitions were approved by USCIS;
 - (iii) A "limited number" of 79 equity interests would be sold in Palm House Hotel, LLLP at the price of \$500,000 each, plus \$40,000-\$60,000 in administrative fees;
 - (iv) The OPHLs' funds would be exclusively invested in the Palm House Hotel to create both direct and indirect jobs by helping to finish the renovation and development, which was near completion;
 - (v) The Palm House Hotel would be open for business by the "Season" of 2013/2014, and was 80-90% completed prior to the OPHLs' investments;
 - (vi) The funds would create 930 jobs, more than the required 790 full-time jobs for the offering;
 - (vii) The OPHLs' funds would be the third and final source of funds. The EB-5 funds were in addition to an equity investment by the developer in excess of \$22,000,000 and a bank loan (by a bank that had done full due diligence justifying such a loan) in excess of \$29,000,000;
 - (viii) The OPHLs' funds would be held in escrow, and were not yet needed, because the developer's investment in excess of \$22,000,000 and a bank loan in excess of \$29,000,000 was being used for construction and renovation;
 - (ix) The OPHLs' funds would not be taken from the escrow account, and would not be used, unless and until the developer's investment in excess of \$22,000,000 and the bank funds in excess of \$29,000,000 had been used at the project;
 - (x) The real property at issue was currently worth \$110,000,000-\$137,000,000 (the current value representation varied, depending on what the Bad

Actors believed a particular Plaintiff wanted to hear) before completion, which made the investment “one of the safest EB-5 offerings from a Job Creation and Investment position;”

- (xi) I-526 immigration petitions for the Palm House EB-5 Offering had already been approved by USCIS for the initial investors;
 - (xii) An insurance policy was purchased by the Developer that guaranteed that construction of the Palm House Hotel project would be completed;
 - (xiii) The local government guaranteed that construction of the Palm House Hotel project would be completed, and that this would be the last 5-star hotel property they would allow on Palm Beach;
 - (xiv) The developer, Non-Party Robert Matthews, was a famous real estate developer in the United States;
 - (xv) Each investor’s investment would be fully secured by the real property at issue and by the State of Florida pursuant to a UCC form. As there would be 79 rooms and 79 investors, each investor would be given a UCC security interest in an individual room; and
 - (xvi) Donald Trump and Bill Clinton would serve on the Palm House Hotel advisory board, would assist with any issues related to construction, and would also play a key role in recruiting celebrities and dignitaries to the club. Celebrities such as Tony Bennett, Celine Dion, Bill Koch, and Eric Schmidt were already members of the hotel club.
- (d) The Bad Actors targeted EB-5 investors with children between the ages of 18 and 21 because, under the EB-5 program, applicants have the right to apply for a green card for themselves, their spouse, and unmarried children under 21. Once the investor’s funds were stolen and time continued to pass without the issuance of an I-526 petition approval, the Bad Actors would use the fact that the investor’s child had “aged out” to silence the investor, perpetrate the continuing fraud, and prevent the investor from seeking redress or judicial assistance. The Bad Actors threatened the EB-5 investors that, if the Palm House EB-5 Offering was interfered with or terminated, because the investor’s child was no longer under 21, they would no longer be able to obtain a green card through their parent and would need to obtain their own EB-5 visa through at an additional cost of \$500,000.
- (e) As to any Plaintiff brave enough to question or demand the return of their investment, they were fraudulently told that all was well, that additional appeals of the application process were in place, that the country’s foremost immigration attorney had been hired to prosecute the appeals, and that all was well with the construction of the hotel, thereby further lulling the OPHLs and falsely allowing the Bad Actors to deny any rights to reimbursement. In truth, of course, the money was gone, no jobs were created, the federal government had closed the appeals, the immigration attorney was not retained to prosecute any appeals and the I-526 immigrant petitions were never issued.

15. The representations made to induce the OPHLs' investments into the Palm House Enterprise were mostly lies, calculated to induce investments by needy, trusting, unsuspecting foreigners with \$500,000 to pursue a life for themselves and their children with more opportunities than those afforded to them in China.

16. The 100% guaranty signed by Defendant Black on behalf of USREDA was not worth the paper it was printed on. The OPHLs' I-526s, all of which contained information that was known or should have been known to be false by Attorney Derrico and others at USREDA and SARC, and uncovered by KK-PB Financial, LLC (under the control of Defendant Glenn Straub) in the course of its due diligence, were all denied, yet their funds were never returned.

17. Instead of holding the OPHLs' funds in escrow or reserving them until their Form I-526 immigration petitions were approved, the funds were stolen and distributed through the Palm House Enterprise among several of the Bad Actors and others.

18. The conspirators involved in the Palm House Enterprise did not sell 79 purported equity interests in Palm House Hotel, LLLP. Despite registering this offering for only 79 units, they perpetrated this fraud on over 90 unsuspecting EB-5 investors.

19. The OPHLs' funds were not exclusively used to help finish the renovation and development of the Palm House Hotel. Instead, the funds were used for unlawful purposes.

20. The hotel was nowhere near completion, let alone anywhere close to being able to open for business by the "Season" of 2013/2014. As of the filing of the Complaint, it remained a dangerous nuisance and a desolate construction wasteland, accruing local fines of \$2,000 per day.

21. The OPHLs' funds were not used to create 10 full-time jobs for each \$500,000 advanced, which was the only purpose for the funds to come to the United States. Further, the fact that over 90, as opposed to 79 interests were sold, prevented that from occurring even if the project was not a complete charade.

22. The OPHLs' funds were not in addition to an equity investment by the developer in excess of \$22,000,000 and a bank loan in excess of \$29,000,000. There was no bank loan, there was no developer's equity, and there was no other source of funds for the Palm House Enterprise.

23. The real property was not worth \$110,000,000-\$137,000,000. Indeed, the property had been purchased out of foreclosure for \$10,000,100, and was described by a court-appointed receiver as "circling the drain."

24. No I-526s were ever approved by USCIS for the Palm House EB-5 Offering. While the Bad Actors had provided a written notice of approval for the project, the notice was fraudulent and did not relate to the Palm House EB-5 Offering.

25. There was no insurance policy that guaranteed the completion of construction of the Palm House Hotel project. The Bad Actors had fraudulently represented that certain documentation was an American surety bond guaranteeing performance when, in reality, it was not.

26. The local government never guaranteed the completion of construction of the Palm House Hotel or certified it as a 5-star property. Instead, the local government was imposing significant fines against the property.

27. Non-Party Robert Matthews is not a famous real estate developer in the United States. He was (and still is) instead in massive debt and had a history of questionable financial dealings in the past with, among others, Glenn Straub both in a Massachusetts hotel project several years ago and in the foreclosure of the Matthews' home in Nantucket.

28. The OPHLs' investments were not fully secured by the real property or the State of Florida. In fact, a secret, unrecorded mortgage in the amount of \$27,468,750 was granted to the prior developer of the project in August 2013 who no less than three times waived due diligence on the project and Matthews, knowing well that uncovering the panoply of wrongdoing by Matthews while EB-5 funds were raised would cause the Palm House Enterprise to collapse.

29. To that end, the mortgage was not recorded until March 28, 2014 -- seven (7) months after it was granted -- and after almost all EB-5 investors had undertaken their due diligence and wired their investments for the project. A mortgage to secure the OPHLs' interest in the real property was not recorded until October 2014, after whatever equity existed in the project had been subsumed by the prior developer's secret mortgage.

30. Bill Clinton and Donald Trump are not on the Palm House Hotel advisory board, and there is no such board.

THE PARTIES AND NATURE OF THE ACTION

31. This action involves, among other things, common law fraud, theft, conspiracy, and breach of fiduciary duty that was perpetrated on the OPHLs to obtain each of their investments and "administrative fees" of \$500,000 and \$40,000-\$60,000, respectively.

32. This action also relates to the unlawful conduct of additional defendants who, among other things, (i) aided and abetted the Bad Actors in their acts of fraud and theft; (ii) were unjustly enriched by their unauthorized receipt of the OPHLs' funds; (iii) were the recipients of fraudulent transfers; or (iv) were otherwise independently engaged in unlawful acts.

33. The OPHLs were fraudulently induced to each invest \$500,000, plus \$40,000-\$60,000 in administrative fees, based on the representations made by Joseph Walsh, Walsh Jr., Payne, Derrico, Boden, SARC, USREDA and Walsh Asia. Other Bad Actors undertook efforts to conceal their wrongful conduct or assistance, aiding and/or abetting of such conduct.

34. Palm House Hotel, LLLP is a Florida Limited Liability Limited Partnership with its principal place of business in Palm Beach County, Florida formed on January 9, 2013. The OPHLs were fraudulently induced to each invest \$500,000 into Palm House in exchange for an interest, the false promises of United States EB-5 visas, and the ultimate return of their investment, with interest.

35. Walsh is an individual who, upon information and belief, was a resident of Palm Beach County, Florida at the time all acts complained of herein occurred and is otherwise *sui juris*. On information and belief, Walsh resides in Asia or Australia but maintains his U.S. citizenship and a Palm Beach County residential address. Walsh served as a general partner of Palm House until July 2016, and owns and/or operates and/or controls SARC, USREDA and Walsh Asia. Upon information and belief, Walsh was the criminal mastermind behind the Palm House Enterprise, and organized all the players and their respective roles. Walsh and his accomplices made or assisted in making, false representations to the OPHLs that induced them to provide and continue with their investments. Further, despite not being incorporated to provide legal services, Walsh arranged for an in-house attorney previously involved in a massive EB-5 fraud to “draft project legal documents” and provide legal services through USREDA to the OPHLs in connection with the processing of their EB-5 visa applications. This served several purposes for the Bad Actors in that outside lawyers would not be hired by the non-English speaking EB-5 investors to further question or examine the Palm House Enterprise. Walsh has since been named in an enforcement action by the United States Securities and Exchange Commission (“SEC”) concerning his conduct in the Palm House Enterprise. See *Exhibit “1”* annexed hereto.

36. Walsh Jr. is an individual who resides in Palm Beach County, Florida and is otherwise *sui juris*. Walsh Jr. is the son of Walsh and owns and/or operates and/or controls SARC, USREDA and Walsh Asia. Walsh Jr. and his accomplices made or assisted in making, false representations to the OPHLs that induced them to provide and continue with their investments. On information and belief, the OPHLs believe Walsh Jr. has set up bank accounts for Walsh Asia and entities under its control in Hong Kong and elsewhere in Asia.

37. Payne is an individual who, upon information and belief, resides in Illinois and is otherwise *sui juris*. Payne is an attorney, served as a general partner of Palm House until July 2016, and owns and/or operates and/or controls SARC and USREDA. Payne and his accomplices

made or assisted in making, false representations to the OPHLs that induced them to provide their investments. Payne is subject to personal jurisdiction in Florida because he operated, conducted, engaged in, or carried on a business or business venture in this state and/or committed a tortious act within this state and/or is engaged in substantial and not isolated activity within the State of Florida.

38. Boden is an individual who, upon information and belief, resides in Hong Kong and continues to associate himself with Walsh Asia, and is otherwise *sui juris*. As he states on his biography on www.linkedin.com (see *Exhibit "2"* annexed hereto), Boden served as a Managing Member of USREDA, *de facto* or otherwise, from 2013 – 2016 while registered with Silver Lake Capital and Third Seven, New York based FINRA member broker-dealers. On information and belief, Boden violated FINRA rules as he did not disclose his involvement with USREDA to his broker-dealer because if he did, the frauds of the Palm House Enterprise would have been clearly evident to them. See *Exhibit "3"* annexed hereto. Boden as a non-disclosed principal of USREDA and his accomplices made or assisted in making, false representations to the OPHLs that induced them to provide their investments. Boden is subject to personal jurisdiction in Florida because he operated, conducted, engaged in, or carried on a business or business venture in this state and/or committed a tortious act within this state and/or is engaged in substantial and not isolated activity within the State of Florida.

39. Silver Leaf and Third Seven (collectively the "Broker-Dealer Defendants") are broker-dealers licensed to conduct business in the State of Florida and FINRA members. As FINRA members, they had obligations to supervise Boden in connection with his conduct of securities business on behalf of USREDA under FINRA Rule 3270, among other rules, and perform due diligence on securities in which Boden was involved in the placement or sale. At present, Silver Leaf is named in FINRA Disciplinary Proceeding No. 20140422606902, which addresses alleged supervisory failures in connections with payments to unregistered finders.

40. Derrico is an individual who, on information and belief, resides in Florida and is otherwise *sui juris*. A member of the California Bar but not the Florida Bar, Derrico served as the Senior Immigration Counsel for USREDA and SARC and “drafted project legal documents” as registered in-house counsel at all times relevant to this proceeding. Prior to joining SARC and USREDA, Derrico served as immigration counsel for the Chicago Convention Center EB-5 project, which to date has been one the largest EB-5 frauds in history. Derrico and his accomplices made or assisted in making, false representations to the OPHLs that induced them to provide their investments. Derrico is subject to personal jurisdiction in Florida because he operated, conducted, engaged in, or carried on a business or business venture in this state and/or committed a tortious act within this state and/or is engaged in substantial and not isolated activity within the State of Florida.

41. Black is an individual who resides in Florida and is otherwise *sui juris*. Black is an individual who served as a Managing Member of USREDA, was a 1% owner of USREDA and executed the guarantys for each investor lured to place funds with the Palm House Enterprise. While Black purportedly assisted in “kicking out” people from the Palm House property once discovering the misuse of funds, he did not undertake any action to communicate with the OPHLs or other EB-5 investors as to the effectiveness of the guarantys he signed. Black also was an instigator of the “circular” litigation that was intended to lull the OPHLs and other EB-5 investors that actions were being taken on their behalf to protect their money when in fact the litigation was yet another scheme to further the Palm House Enterprise.

42. SARC is a Florida Limited Liability Company with its principal place of business in Palm Beach County, Florida formed on June 10, 2010. SARC is a regional center approved by USCIS. Walsh, Walsh Jr., Boden and Payne represented to the OPHLs that SARC was the general partner of Palm House. SARC made or assisted in making, false representations to the OPHLs that induced them to provide their investments. SARC was intended to, and did, influence the

OPHLs to trust and rely upon it rather than hire outside advisors who might ask difficult questions, make difficult demands, or discover the fraudulent scheme orchestrated through the Palm House Enterprise.

43. USREDA is a Delaware Limited Liability Company with its principal place of business in Palm Beach County, Florida formed on February 3, 2011. USREDA purported to act as a law firm (arguably impermissible under Florida Bar rules) and contracted to provide legal immigration services to the OPHLs regarding the EB-5 visa program. USREDA guaranteed the approval of any I-526 application it completed and the return of all service fees in the event of denial. USREDA made or assisted in making, false representations to the OPHLs that induced them to provide their investments. USREDA was intended to, and did, influence the OPHLs to trust and rely upon it rather than hire outside advisors and attorneys who might ask difficult questions, make difficult demands, or discover the fraudulent scheme that was being perpetrated. In reality, USREDA was a front that Walsh, Walsh, Jr., Boden, Derrico and Payne used to commit and further the fraud, and was used to launder/hide money once the OPHLs sent their investments to the fake escrow account. Millions of dollars of the OPHLs' funds were transferred to and through USREDA, and such amounts had no correlation whatsoever to the purported legal services it agreed to provide or the purported fees for same.

44. Walsh Asia is a Hong Kong entity with offices in, among other places, London, England. Walsh Asia purports to be a premier provider of citizenship by investment programs, and through which Walsh and Walsh, Jr. made or assisted in making, false representations to induce EB-5 investors to provide and continue with their investments. Walsh Asia is subject to personal jurisdiction in Florida because it operated, conducted, engaged in, or carried on a business or business venture in this state and/or committed a tortious act within this state and/or is engaged in substantial and not isolated activity within the State of Florida and/or operated merely as a corporate front for the fraudulent actions of Walsh and Walsh Jr.

45. Palm House, LLC is a Delaware Limited Liability Company that was formed on or about December 5, 2012 to complete the renovations and development of the Palm House Hotel. Upon approval of the OPHLs' I-526s, Palm House was supposed to loan the OPHLs' money to Palm House LLC so that it could complete the development of the hotel and pay off the purported \$29,000,000 bank loan. In return, Palm House LLC was supposed to obtain a first mortgage on the real property that fully secured the debt.

46. Gerry Matthews is an individual who, upon information and belief, resides in Connecticut, and is otherwise *sui juris*. Gerry Matthews is the brother of Non-Party Robert Matthews, an owner of Palm House LLC, and was instrumental in allowing Non-Party Robert Matthews to access and steal several million dollars of the OPHLs' money. Gerry Matthews is subject to personal jurisdiction in Florida because he operated, conducted, engaged in, or carried on a business or business venture in this state and/or committed a tortious act within this state. Gerry Matthews has been indicted for criminal conduct in connection with the Palm House Enterprise (See *Exhibit "4"* annexed hereto).

47. Palm House PB, LLC is a Florida Limited Liability Company that, upon information and belief, was formed on or about February 28, 2012 for the purpose of hiding and stealing the OPHLs' money. One or more bank accounts were opened in the name of Palm House PB, LLC, and the OPHLs' stolen money was transferred to such accounts and then used to purchase a 151 foot yacht, among other things.

48. Mirabia is a Delaware Limited Liability Company formed on or about May 16, 2014. Upon information and belief, Non-Party Robert Matthews used this entity to hide and steal the OPHLs' money and to purchase investment property near the Palm House Hotel.

49. Bonaventure is a Florida Limited Liability Company formed on November 11, 2011 that, upon information and belief, Maria a/k/a Mia Matthews used to hide and steal the

OPHLs' money. On information and belief, Miami attorney Alan Burger assisted Mia Matthews in the formation of Bonaventure.

50. Alibi is a Delaware Limited Liability Company formed on or about June 18, 2014. Maria a/k/a Mia Matthews used this company to hide and steal the OPHLs' money and to purchase a 151' yacht that cost approximately \$6,000,000.

51. Evans is an attorney based in Palm Beach, Florida. Mr. Evans and his law firm, Leslie Robert Evans & Associates, P.A., took possession of the OPHLs' funds in their trust account after they were stolen from the fake escrow account at PNC Bank. The Evans Defendants then distributed the OPHLs' funds to persons and accounts selected by the conspirators, and paid themselves compensation to do so. Evans has since been indicted for mail fraud and wire fraud in connection with his conduct in the Palm House Enterprise. (See *Exhibit "5"* annexed hereto).

52. Laudano is an individual who, upon information and belief, resides in Palm Beach County, Florida, and is otherwise *sui juris*. Laudano held himself out as the general contractor on the Palm House Hotel project, and entered into a construction contract to build the project. Laudano received and accepted the OPHLs' stolen funds, and aided and abetted Non-Party Robert Matthews and Maria a/k/a Mia Matthews in their theft of millions of dollars of the OPHLs' money. Laudano was indicted for his wrongful conduct in connection with the Palm House Enterprise and pled guilty to the charges. (See *Exhibits "6"* and *Exhibit "7"* annexed hereto).

53. NHCS is a company owned and operated by Laudano formed on or about May 15, 2006. NHCS entered into a construction contract to build the Palm House Hotel project. Laudano used this entity to receive, accept, and steal millions of dollars of the OPHLs' money.

54. NJL and Botticelli are entities that Laudano used to steal the OPHLs' money for the purpose of purchasing a mansion in Connecticut on behalf of and/or for the benefit of Non-Party Robert Matthews and Maria a/k/a Mia Matthews. NJL was formed on or about February 3, 2014.

55. Botticelli is a Florida Limited Liability Company and the managing member of NJL, a Delaware Limited Liability Company. Craig Galle, long time counsel for the former owner of 160 Royal Palm LLC, on information and belief assisted in the formation of Botticelli in January 2012.

56. KK-PB is a Florida Limited Liability Company owned and/or controlled by Defendant Glenn Straub, the former owner of 160 Royal Palm LLC, which owns the real property upon which the Palm House Hotel is located. KK-PB was formed on or about August 28, 2013, which is about the time Defendants Straub, Walsh and Non-Party Matthews together decided to follow through on the scheme that would become the Palm House Enterprise. On information and belief, his long-time attorney Craig Galle assisted in the formation of KK-PB. Waiving due diligence on Matthews and the property (see *Exhibit "8"* annexed hereto), Defendant Glenn Straub sold his interest in 160 Royal Palm LLC in August 2013, and received a mortgage on the Real Property for \$27,468,750 in favor of KK-PB as purported consideration. However, the mortgage was not recorded until seven (7) months later, on March 28, 2014, which created the false impression that the Palm House Hotel was unencumbered by such a debt and that the OPHLs would, indeed, obtain a first mortgage on the real property that fully secured their investment once the purported bank loan was paid off. Further, KK-PB and ultimately Straub improperly benefited from the scheme by receiving transfers of the OPHLs' stolen money. Despite claims of the mortgage scheme being a "typical Florida transaction" and innocence and non-involvement in the Palm House Enterprise, Defendant Glenn Straub and his entities were still "doing business" with the Matthews family well into 2018.

57. Maria a/k/a Mia Matthews is an individual who, upon information and belief, resides in Palm Beach County, Florida, and is otherwise *sui juris*. Maria a/k/a Mia Matthews is the wife of Non-Party Robert Matthews and, along with him, stole several million dollars of the OPHLs' money, using it to purchase a 151' yacht, among other things. Mia Matthews has been

named in a superseding indictment in the matter involving her husband (See *Exhibit "9"* annexed hereto).

NON-PARTIES

58. 160 Royal Palm LLC is a Florida Limited Liability Company formed in 2009 and is arguably an owner of the real property located at 160 Royal Palm Way, Palm Beach, Florida, upon which the Palm House Hotel is located (the "Real Property"). This company is owned entirely by Palm House, LLC, which purchased the membership interests from Glenn Straub in 2013. As purported consideration, 160 Royal Palm LLC granted a \$27,468,750 mortgage on the Real Property to Glenn Straub's entity, KK-PB Financial LLC, which was kept secret and not recorded until March 28, 2014, after most of the OPHLs had conducted their due diligence and made their investments. 160 Royal Palm is now in bankruptcy (see *Exhibit "10"* annexed hereto).

59. Non-Party Robert Matthews is an individual who, upon information and belief, resides in Palm Beach County, Florida, and is otherwise *sui juris*. Non-Party Robert Matthews represented himself as the developer of the Palm House Hotel project, and claimed to be in charge of Palm House, LLC and the construction and renovation of the Palm House Hotel. Non-Party Robert Matthews stole several million dollars of the OPHLs' money, using it to purchase real property and a 151' yacht with his wife (which he named ALIBI), among other things. Non-Party Robert Matthews helped prepare the marketing materials that were provided to the OPHLs to induce their investments. Matthews has since been indicted for mail and wire fraud (See *Exhibit "5," supra*). He has since sought bankruptcy protection (see *Exhibit "11"* annexed hereto).

JURISDICTION

60. This is an action for damages in excess of \$15,000, exclusive of interest, attorneys' fees and costs.

61. This Court has jurisdiction pursuant to Chapter 605 of the Florida Statutes.

62. Venue is Palm Beach County, Florida is proper because a substantial amount the activities giving rise to this action occurred in Palm Beach County, Florida. Additionally, SARC, USREDA, Walsh, Walsh Jr., and Laudano are residents of Palm Beach County, Florida, and transacted business in Palm Beach County, Florida, and the other individual Defendants either reside in Palm Beach County, Florida, transacted in substantial business activities in Palm Beach County, Florida, had an agent in Palm Beach County, Florida or were licensed to conduct business in Florida.

63. The OPHs have retained the undersigned counsel to represent them in this action and have agreed and obligated to pay a reasonable fee for their services.

GENERAL ALLEGATIONS

EB-5 Visa Program in General

64. The Immigrant Investor Program, more commonly known as the EB-5 program, was created by the Immigration Act of 1990. Congress established the EB-5 program to stimulate the U.S. economy by giving immigrant EB-5 investors the opportunity to permanently live and work in the United States after they have invested in a new commercial enterprise ("NCE"). In the case of an NCE that is located in a Targeted Employment Area ("TEA"), *i.e.*, either a rural area or an area beset by high unemployment, the required equity investment need only be \$500,000.

65. In 1993, Congress created the Immigrant Investor Pilot Program to increase interest in the EB-5 visa program. This new pilot program established EB-5 Regional Centers ("Regional Centers"), which are entities that receive special designation from USCIS to administer EB-5 investments and create jobs. Public and private entities may apply to the USCIS for approval as an EB-5 Regional Center.

66. EB-5 visa programs administered by a Regional Center provide more flexibility, because the immigrant investor who invests in such a program is permitted to take credit not only for direct jobs created in the NCE but also "indirect jobs" created outside the NCE in a job creating

enterprise (“JCE”), such as a construction contracting firm that builds an improvement for the NCE or the nearby creation of jobs through other entities that will develop to service the business being created. In addition, the immigrant investor need not handle the day-to-day management of the NCE or even necessarily live in the region where the NCE is located.

67. By necessity, investments into an EB-5 program are “closed-ended,” available only to a specified number of EB-5 investors, and that number is tied to the number of direct or indirect jobs created by the investment. If too few jobs are created with the money invested, the immigrant will not be able to become a permanent resident in the United States.

EB-5 Practice and Procedure

68. Under the EB-5 program, the immigrant investor first applies for an immigrant visa by submitting a Form I-526, Immigrant Petition for Alien Entrepreneur. USCIS’ approval of the Form I-526 is conditioned upon the immigrant’s investment of the requisite amount of money in an NCE that satisfies the applicable legal requirements. Upon approval of the Form I-526 petition, the immigrant investor may either: (1) file the appropriate form to adjust their status to a conditional permanent resident within the United States; or (2) file an application to obtain an EB-5 visa for admission to the United States. Upon the approval of the application or upon entry into the United States with an EB-5 immigrant visa, the EB-5 investor and derivative family members will be granted conditional permanent residence for a two-year period.

69. To remove the conditional resident status, the immigrant investor must file a Form I-829, Petition by Entrepreneur to Remove Conditions, ninety days before the two-year anniversary of the granting of the EB-5 investor’s conditional resident status. USCIS’ approval of the Form I-829 is conditioned upon proof that the immigrant investor’s investment as reported on the I-526 has created at least ten full-time jobs in the NCE or JCE. If an insufficient number of jobs was created, the foreign national is subject to removal from the United States.

EB-5 Program at the Palm House Hotel

70. SARC held itself out as a Regional Center, headquartered in Palm Beach County, Florida, and claimed to specialize in investment-based immigration services with association of other affiliated entities under common control.

71. SARC was approved by USCIS to serve as a Regional Center, which allowed EB-5 investors to take credit for direct and indirect jobs and not be involved in the day-to-day operation of the NCE.

72. SARC was operated and controlled by Walsh, Walsh, Jr., and Payne.

73. USREDA was an entity that claimed to specialize in providing legal immigration services regarding the EB-5 visa program, held itself out as a law firm, and required clients to sign engagement letters for its services. It charged clients \$15,000 USD to file an I-526 petition and an additional \$5,000 USD to file an I-829 petition.

74. USREDA was operated and controlled by Walsh, Walsh, Jr., Payne and Boden.

75. Walsh Asia held itself out as an expert in citizenship by investment programs through promotional materials, advertisements in captive magazines and presentations, with the expertise, knowledge, and track record of success to provide successful immigration outcomes.

76. Walsh Asia was operated and controlled by Walsh and Walsh, Jr, managed by Boden in Hong Kong (under supervision of the Broker-Dealer Defendants), and maintained bank accounts in Hong Kong and, on information and belief, other Asian jurisdictions.

77. USREDA, SARC and Walsh Asia were all instrumentalities of the Palm House Enterprise.

78. During solicitations for investment in the Palm House Enterprise, the OPHLs were provided with three (3) items:

- (a) Frequently Asked Questions (the "FAQ"). An exemplar of the FAQ provided to the OPHLs is annexed hereto as *Exhibit "12."*

- (b) Sales Brochure (the "Sales Brochure"). An exemplar of the Sales Brochure provided to the OPHLs is annexed hereto as *Exhibit "13."*; and
- (c) Signature Booklet (the "Signature Booklet"). An exemplar of the Signature Booklet is annexed hereto as *Exhibit "14."* Collectively, the FAQ, Sales Brochure, and Signature Booklet will be referred to as the "Offering Documents."

79. While the Signature Booklet contained signature pages for a Private Placement Memorandum (the "PPM") and a Palm House limited partnership agreement (the "Palm House Limited Partnership Agreement"), the OPHLs were not provided with copies of the full documents until after they made their investments. Exemplars of the PPMs and Limited Partnership Agreements provided to the OPHLs are annexed hereto as *Exhibit "15"* and *Exhibit "16,"* respectively.

80. Additionally, during the Palm House Hotel solicitations, the OPHLs were provided with a writing claiming that an I-526 petition for an early Palm House Hotel investor had been approved by USCIS, thereby assuring the OPHLs that, if they invested in the project, they too would soon obtain approval (the "USCIS Approval"). A true and accurate copy of the USCIS Approval is annexed hereto as *Exhibit "17."*

81. The representations in the Offering Documents were originally made by Walsh, Walsh Jr., Payne, Boden (under the supervision of the Broker-Dealer Defendants), Matthews, SARC, USREDA, and Walsh Asia and, on information and belief, with the review and approval of Derrico. Given Boden's status as a FINRA registrant with the Broker-Dealer Defendants, each of them reviewed the Offering Documents given their bedrock obligations to do so under FINRA rules.

82. The representations in the PPM, Palm House Limited Partnership Agreement, and USCIS Approval were originally made by Walsh, Walsh Jr., Payne, Boden, SARC, USREDA, and Walsh Asia and, on information and belief, with the review and approval of Derrico. Given Boden's status as a FINRA registrant with the Broker-Dealer Defendants, each of them reviewed these documents as well, given their bedrock obligations to do so under FINRA rules.

83. SARC, USREDA, Walsh Asia, Walsh, Walsh Jr., Payne, Boden (under the supervision of the Broker-Dealer Defendants), Derrico and Non-Party Robert Matthews each made or assisted in making, knowingly false representations to induce investments into the project.

84. Further, SARC, USREDA, Walsh Asia, Walsh, Walsh Jr., Payne, Boden (while under supervision of the Broker-Dealer Defendants), Derrico and Non-Party Robert Matthews each withheld material information that they had a duty to disclose.

85. Each limited partnership unit in Palm House required a minimum investment of \$500,000, plus an administrative fee of \$40,000-\$60,000.

86. Any subscription funds received from the OPHLs were to be held in a special escrow account or, if they were to be used in connection with the project pending I-526 approval, they were to be reserved for in some manner in the event that the funds needed to be returned.

87. Among the many misrepresentations, the OPHLs were promised that their monies would be held in the escrow account and released to Palm House, LLC only if and when their I-526s were approved by USCIS (the "Escrow Representation").

88. The Escrow Representation was made to the OPHLs several times, and in several documents.

89. The Escrow Representation was made to the OPHLs in the PPM. See *Exhibit "15"* at p. 15, 37, 38, and 41.

90. The Escrow Representation was made to the OPHLs in the Limited Partnership Agreement. See *Exhibit "16"* at p. 6.

91. The Escrow Representation was made in the loan agreement between Palm House and Palm House LLC (the "Loan Documents," annexed hereto as *Exhibit "18"*), where Palm House, LLC, on the one hand, and Walsh, SARC, and Palm House, on the other hand, agreed that the loan was dependent on USCIS' approval of the OPHLs' I-526s. See *Exhibit "18"* at p.1.

92. If an investor's I-526 application was denied by USCIS, the investor was promised that they would receive their money back within 90 days of the official denial notice.

93. There were many other knowingly false representations in the Offering Documents, including but not limited to:

- (a) There was a 100% guaranty for the return of the OPHLs' investment and fees signed by Defendant Ryan Black in the event their I-526 petition is denied;
- (b) There would be a maximum of 79 limited partnership units offered in Palm House;
- (c) They were seeking, in total, a \$39,500,000 investment into Palm House, which was equal to the maximum of 79 limited partnership units being offered at \$500,000 each;
- (d) USREDA guaranteed the approval of any I-526 application it completed and the return of all service fees in the event of denial;
- (e) SARC was the general partner of Palm House;
- (f) The developer had already invested \$22,000,000 of their own equity into the project;
- (g) There was a bridge loan from a bank, in the amount of \$29,500,000, to allow continuation of the construction while the EB-5 money was raised;
- (h) The EB-5 investment represents only 43% of the total investment in the project;
- (i) The project was in progress, "very near completion," and would be complete for "Season" of 2013/2014;
- (j) The Palm House Hotel would be the last 5-star hotel to be approved by the local government on Palm Beach;
- (k) investors need not worry about any potential delays in building or regulatory issues;
- (l) Bill Clinton, Donald Trump, Celine Dion, Bill Koch, and Eric Schmidt would be a part of the Palm House Hotel advisory board;
- (m) The real property at issue, on which the Palm House Hotel was being renovated, was presently worth over \$110,000,000 before completion. "This makes the Palm House Hotel one of the safest EB-5 offerings from a Job Creation and Investment position."
- (n) The job count for the Palm House EB-5 Offering is 953 jobs, while the project needs only 790 jobs, so over 20% more jobs will be created than required by law;
- (o) The investor's visa would be approved in less than 6 months; and

- (p) “The investor need not worry if the project will perform and meet the rigid standards required by the USCIS.”

94. Armed with the Offering Documents, the USCIS Approval, presentations, and whatever oral representations they deemed necessary for a sale, SARC, USREDA, Walsh, Walsh Jr., Payne, Boden (under the supervision of the Broker-Dealer Defendants), Black, Walsh Asia and Non-Party Robert Matthews with the assistance of Derrico sold the fraud that is the Palm House Enterprise.

95. Beginning in 2013, SARC, USREDA, Walsh, Walsh Jr., Payne, Boden (under the supervision of the Broker-Dealer Defendants), Black, Walsh Asia and Non-Party Robert Matthews through their written and oral representations relating to the Palm House Enterprise, on information and belief reviewed and approved by Derrico, fraudulently induced the OPHLs to provide their investments.

96. In China, SARC, USREDA, Walsh, Walsh Jr., and Walsh Asia made presentations to the OPHLs using the Offering Documents, the USCIS Approval, presentation materials, and oral statements. On information and belief, activities in China were overseen by Boden.

97. In China, SARC, USREDA, Walsh, Walsh Jr., and Walsh Asia (on information and belief overseen by Boden) used a PowerPoint presentation that contained knowingly false representations to fraudulently induce the OPHLs (the “PowerPoint Presentation”). A true and correct copy of the PowerPoint Presentation is annexed hereto as *Exhibit “19.”*

98. SARC, USREDA, Walsh, Walsh Jr., and Walsh Asia, each on information and belief overseen by Boden, represented to the OPHLs that the statements in the Offering Documents were true and accurate.

99. SARC, USREDA, Walsh, Walsh Jr., and Walsh Asia also made oral, materially false statements to the OPHLs.

100. In their solicitations to the OPHLs SARC, USREDA, Walsh, Walsh Jr., and Walsh Asia stated that:

- (a) There was a 100% guaranty signed by Defendant Black for the return of investment and fees in the event the I-526 petition is denied;
- (b) 100% of investment funds would be held in escrow until the Form I-526 immigration petitions was approved by the United States government;
- (c) A “limited number” of 79 equity interests would be sold in Palm House Hotel, LLLP at the price of \$500,000 each, plus \$40,000 in administrative fees;
- (d) Investment funds would be exclusively invested in the Palm House Hotel to create jobs by helping to finish the renovation and development, which was near completion;
- (e) The Palm House Hotel would be open for business by the “Season” of 2013/2014, and was 80-90% completed prior to the investment;
- (f) Investment funds would create more than 10 full-time jobs for each \$500,000 advanced;
- (g) Investment funds were in addition to an equity investment by the developer in excess of \$22,000,000 and a bank loan in excess of \$29,000,000, so that the funds constitute less than 50% of the project funding;
- (h) Investment funds would be held in escrow, and were not yet needed, because the developer’s investment in excess of \$22,000,000 and a bank loan in excess of \$29,000,000 was being used for construction;
- (i) Investment funds would not be taken from the escrow account, and would not be used, unless and until the developer’s investment in excess of \$22,000,000 and the bank funds in excess of \$29,000,000 had been used at the project;
- (j) The real property at issue was currently worth \$110,000,000-\$137,000,000 (the current value representation varied, depending on what the Bad Actors believed a particular Plaintiff wanted to hear) before completion, which made the investment “one of the safest EB-5 offerings from a Job Creation and Investment position
- (k) I-526 immigration petitions for the Palm House EB-5 Offering had already been approved by the United States government;
- (l) An insurance policy guaranteed that construction of the Palm House Hotel project would be completed;
- (m) The local government guaranteed that construction of the Palm House Hotel project would be completed, and that this would be the last 5-star hotel property allowed on Palm Beach;
- (n) The developer, Non-Party Robert Matthews, was a famous real estate developer in the United States, equivalent in status to Donald Trump;
- (o) Each investor’s investment would be fully secured by the real property at issue and by the State of Florida pursuant to a UCC form (see *Exhibit “20”* annexed hereto);

- (p) Donald Trump and Bill Clinton would serve on the Palm House Hotel advisory board;
- (q) If an investor's application was denied by USCIS, they would receive their money back immediately;
- (r) The general contractor, Laudano, was an experienced and famous hotel developer, and had developed luxury hotels around the United States;
- (s) The project would have a net profit in excess of \$7,000,000, and would easily refund the EB-5 investors' money;
- (t) Inga Moore, a famous hotel designer and the winner of the Top Hotel Designer of 2013, had designed the Palm House Hotel; and
- (u) Niklaus Leuenberger, with 30 years of management experience in luxury hotels around the world, had agreed to manage the Palm House Hotel.

101. SARC, USREDA, Walsh, Walsh Jr., and Walsh Asia, with assistance from Derrico and Boden (while supervised by the Broker-Dealer Defendants), also made representations to agents utilized by the OPHLs (to the extent they were utilized) with the understanding and intent that they would relay the representations to them and that they would rely upon those representations.

The OPHLs are Fraudulently Induced to Invest in the Palm House EB-5 Offering

102. In reliance on the Offering Documents, the USCIS Approval, the PowerPoint Presentation, and the oral representations described above, each of the OPHLs provided \$500,000 for a limited partnership unit in Palm House, along with an administrative fee of \$40,000.

103. Many of the OPHLs also paid USREDA "legal fees" of \$15,000-\$20,000 for immigration paperwork to be prepared by Derrico, notwithstanding the undisclosed conflict his dual representation of an issuer and EB-5 investors presented.

104. Each of the OPHLs received confirmation that their \$500,000 investment and \$40,000-\$60,000 administrative fee had been received.

105. In providing their money to the Palm House Enterprise, the OPHLs justifiably relied upon the representation that there was a 100% guaranty for the return of their investment and fees in the event their I-526 petition was denied.

106. In providing their money to the Palm House Enterprise, the OPHLs justifiably relied upon the Escrow Representation, and understood that their money would be held in escrow unless and until USCIS approved their Form I-526 Petition.

107. In providing their money to the Palm House Enterprise, the OPHLs justifiably relied upon the representation that if their I-526 petition was denied, their funds would be returned within 90 days.

108. In providing their money to the Palm House Enterprise, the OPHLs justifiably relied upon the representation that only 79 limited partnership units in Palm House would be offered. This representation was material because, if there were too many EB-5 investors, not enough jobs would be created per investor and they would be unable to obtain the EB-5 visas. Further, this information was justifiably relied upon in calculating each EB-5 investors' ability to obtain a return on their investment.

109. In providing their money to the Palm House Enterprise, the OPHLs justifiably relied upon the representation that their funds would be exclusively invested in the Palm House Hotel to create jobs by helping to finish its renovation and development.

110. In providing their money to the Palm House Enterprise, the OPHLs justifiably relied upon the representation that USREDA guaranteed the approval of any I-526 application it completed and that it would return all service fees in the event of denial.

111. In providing their money to the Palm House Enterprise, the OPHLs justifiably relied upon the representation that SARC was the general partner of Palm House.

112. In providing their money to the Palm House Enterprise, the OPHLs justifiably relied upon the representation that their funds were in addition to an equity investment by the

developer in excess of \$22,000,000 and a bank loan in excess of \$29,000,000, so that the OPHLs' funds constituted less than 50% of the project's funding. The OPHLs justifiably relied upon the fact that a bank conducted significant due diligence on the viability of the project prior to giving a \$29,000,000 loan.

113. In providing their money to the Palm House Enterprise, the OPHLs justifiably relied upon the representation that their funds would be held in escrow, and were not yet needed, because the developer's investment in excess of \$22,000,000 and a bank loan in excess of \$29,000,000 were being used for construction.

114. In providing their money to the Palm House Enterprise, the OPHLs justifiably relied upon the representation that their funds would not be taken from the escrow account, and would not be used, unless and until the developer's investment in excess of \$22,000,000 and the bank funds in excess of \$29,000,000 had been used at the project. Even if their funds were to be used when all of this money was expended, the OPHLs expected that in the normal course of business of an EB-5 project that there would be a sufficient reserve to repay them if their I-526 was denied.

115. In providing their money to the Palm House Enterprise, the OPHLs justifiably relied upon the representation that a bank had provided funding in excess of \$29,000,000, that these funds were being used for ongoing construction at the project, and that a bank had undertaken due diligence on the project.

116. In providing their money to the Palm House Enterprise, the OPHLs justifiably relied upon the representation that their funds would be used exclusively to develop the hotel and create at least ten (10) jobs per investor.

117. In providing their money to the Palm House Enterprise, the OPHLs justifiably relied upon the representation that the project was in progress, "very near completion," and would be complete for "Season" of 2013/2014.

118. In providing their money to the Palm House Enterprise, the OPHLs justifiably relied upon the representation that the Palm House Hotel would be the last 5-star hotel to be approved on Palm Beach.

119. In providing their money to the Palm House Enterprise, the OPHLs justifiably relied on the representation that they need not worry about any potential delays in building or regulatory issues, that all required permits and documents were already obtained by the Town of Palm Beach, and if there were any issues the Advisory Board Members, such as Bill Clinton, would handle the local government.

120. In providing their money to the Palm House Enterprise, the OPHLs justifiably relied upon the representation that famous people, such as Bill Clinton, Celine Dion, Bill Koch, and Eric Schmidt, had given their endorsement to the project by choosing to be a part of the Palm House Hotel advisory board

121. In providing their money to the Palm House Enterprise, the OPHLs justifiably relied upon the representation that the property was presently worth over \$100,000,000 before completion, which therefore made the Palm House Hotel one of the safest EB-5 offerings from a Job Creation and Investment position.

122. In providing their money to the Palm House Enterprise, the OPHLs justifiably relied upon the representation that the job count for the Palm House EB-5 Offering was 953 jobs, while the project needed only 790 jobs.

123. In providing their money to the Palm House Enterprise, the OPHLs justifiably relied upon the representation that their visa would be approved in less than 6 months.

124. In providing their money to the Palm House Enterprise, the OPHLs justifiably relied upon the representation that they need not worry if the project will perform and meet the rigid standards required by the USCIS.

125. In providing their money to the Palm House Enterprise, the OPHLs justifiably relied upon the representation that the developer, Non-Party Robert Matthews, was a famous real estate developer in the United States.

126. In providing their money to the Palm House Enterprise, the OPHLs justifiably relied upon the representation that each investor's investment would be fully secured by the real property at issue.

127. In providing their money to the Palm House Enterprise, the OPHLs justifiably relied upon the representation that EB-5 investors in the Palm House EB-5 Offering had already had their I-526 immigration petitions approved by USCIS, which assured them that their application would be approved, too, if they simply invested.

128. In providing their money to the Palm House Enterprise, the OPHLs relied upon the representation that an insurance policy guaranteed that construction of the Palm House Hotel project would be completed.

129. In providing their money to the Palm House Enterprise, the OPHLs justifiably relied upon the representation that the local government had guaranteed that construction of the Palm House Hotel project would be completed.

130. In providing their money to the Palm House Enterprise, the OPHLs justifiably relied upon the representation that the developer, Non-Party Robert Matthews, was a famous, top 10 real estate developer in the United States, equal in status and accomplishment to Donald Trump, and had completed several luxury hotel developments around the world.

131. In providing their money to the Palm House Enterprise, the OPHLs justifiably relied upon the representation that the general contractor, Laudano, was an experienced and famous hotel developer, and had developed luxury hotels around the United States.

132. In providing their money to the Palm House Enterprise, the OPHLs justifiably relied upon the representation that the project would have a net profit in excess of \$7,000,000, and would easily refund their money.

133. In providing their money to the Palm House Enterprise, the OPHLs justifiably relied upon the representation that Inga Moore, a famous hotel designer and the winner of Top Hotel Designer in 2013, had designed the Palm House Hotel.

134. In providing their money to the Palm House Enterprise, the OPHLs justifiably relied upon the representation that Niklaus Leuenberger, with 30 years of management experience in luxury hotels around the world, had agreed to manage the Palm House Hotel.

The OPHLs' I-526s are Denied

135. The OPHLs were approved as accredited investors and their petitions were accepted within SARC's program for the Palm House investment.

136. The OPHLs diligently submitted all necessary paperwork in conjunction with their I-526s, asserting eligibility based on an investment in a Regional Center through Palm House and SARC.

137. Unbeknownst to the OPHLs and other EB-5 investors but known to SARC, USREDA, Walsh, Walsh Jr., Payne, Boden (while under supervision of the Broker-Dealer Defendants), Black, Walsh Asia and Non-Party Robert Matthews, and likely known to KK-PB Financial LLC and Straub but ignored in their waiver of due diligence, the representations and materials provided to USCIS through USREDA, under Derrico's supervision, contained false, misleading and contradictory information.

138. KK-PB Financial LLC through Defendant Straub waived due diligence on its transaction in Palm House knowing that if it reviewed the USCIS materials being generated by SARC and USREDA, the Palm House Enterprise would collapse. On information and belief, KK-

PB Financial LLC and Straub never undertook any efforts to review the USCIS materials being generated by SARC and USREDA in the seven months when its mortgage remained unrecorded.

139. Each of the OPHLs' I-526s were denied by USCIS.

140. The OPHLs' I-526s were denied by USCIS for failure to establish by a preponderance of the evidence that the I-526s complied with the applicable legal requirements.

141. USCIS cited the following deficiencies: (1) inconsistencies in the documents from Palm House; (2) insufficient number of full-time positions created by the project; (3) dispute over ownership of the project's property; and (4) insufficient evidence of bridge financing.

142. The deficiencies cited by USCIS were based on actions taken and documents provided by Palm House, and over which the OPHLs had no control.

143. Rather than admit that the Palm House Enterprise was a sham, Walsh, Walsh Jr., Payne, Boden (while supervised by Third Seven), Derrico, SARC, USREDA and Walsh Asia engaged in an ongoing fraud intended to lull the OPHLs into not bringing legal action, reporting the activities to law enforcement, or otherwise seeking to protect their interests.

144. Walsh, Walsh Jr., Payne, Boden (while supervised by Third Seven), SARC, USREDA and Walsh Asia, with counsel from Derrico, threatened EB-5 investors that if they took action to recoup their funds or otherwise affect the operation of the project, they would need to find a new EB-5 project and, if that the investor's child was no longer under 21 years old, they would lose the opportunity to obtain a United States visa through the parent's investment.

145. Walsh, Walsh Jr., Payne, Boden (while supervised by Third Seven), SARC, USREDA and Walsh Asia, with counsel from Derrico, threatened the OPHLs that if they took action to recoup their funds or otherwise affect the operation of the project, they would jeopardize the ability of other families to come to the United States who had invested in the Palm House EB-5 Offering.

146. Walsh, Walsh Jr., Payne, Boden (while supervised by Third Seven), SARC, USREDA and Walsh Asia, with counsel from Derrico, misrepresented to the OPHLs that USCIS had made a mistake, that Ira Kurzban, one of the top immigration attorneys in the United States, had been hired to appeal USCIS's denial decision, and that they were certain it would get reversed.

147. Walsh, Walsh Jr., Payne, Boden (while supervised by Third Seven), SARC, USREDA and Walsh Asia, with counsel from Derrico, misrepresented both the character and status of pending litigation in the state courts of Florida.

148. Walsh, Walsh Jr., Payne, Boden (while supervised by Third Seven), SARC, USREDA and Walsh Asia, with counsel from Derrico, misrepresented that the pending litigation was being used to try to resume construction on the property in order to strengthen the supposed USCIS appeal and that it was nearly done.

149. Walsh, Walsh Jr., Payne, Boden (while supervised by Third Seven), SARC, USREDA and Walsh Asia, with counsel from Derrico, misrepresented that the litigation was brought because the developer and the contractor had made changes to the plans and specifications of the Palm House Hotel project without getting necessary governmental approvals.

150. Walsh, Walsh Jr., Payne, Boden (while supervised by Third Seven), SARC, USREDA and Walsh Asia, with counsel from Derrico, misrepresented that the litigation had been resolved and that the project was proceeding as planned.

151. Walsh, Walsh Jr., Payne, Boden (while supervised by Third Seven), SARC, USREDA and Walsh Asia, with counsel from Derrico, misrepresented that there were no problems with the Palm House Hotel project, and all that the OPHLs needed to do was wait.

152. Walsh Jr. was integral in lulling the OPHLs into a state of inactivity while the fraud continued, making additional, egregious fraudulent misrepresentations.

153. With the approval of Walsh and Derrico, Walsh Jr. lulled the OPHLs by misrepresenting that the EB-5 approvals were on track, and that the OPHLs did not understand the

USCIS letter because the issues were being addressed in “U.S. English legal speak” or “attorney speak.”

154. With the approval of Walsh, Derrico, Boden (while supervised by Third Seven) and Payne, Walsh Jr. lulled the OPHLs by misrepresenting that the appointment of a receiver in the litigation ensured that once the government issued necessary approvals, the construction would re-start, which would occur within a few months.

155. With the approval of Walsh, Derrico, Boden (while supervised by Third Seven) and Payne, Walsh Jr. lulled the OPHLs by misrepresenting that the Palm House Hotel would be open within 6 months.

156. With the approval of Walsh, Derrico, Boden (while supervised by at least one of the Broker-Dealer Defendants) and Payne, Walsh Jr. lulled the OPHLs by misrepresenting that the Palm House Hotel property was not in foreclosure.

157. With the approval of Walsh and Payne, Walsh Jr. lulled the OPHLs by misrepresenting that they had spent \$3,000,000 protecting EB-5 investors’ investments in the Palm House EB-5 Offering, and also retained a fraud examiner who determined that no money had been misappropriated by Walsh and his associates.

158. With the approval of Walsh, Derrico, Boden (while supervised by at least one of the Broker-Dealer Defendants) and Payne, Walsh Jr. lulled the OPHLs by misrepresenting that the Town of Palm Beach’s fines, which were accruing at \$2,000/day, would be waived by 90-95% at the conclusion of the project.

159. With the approval of Walsh, Derrico, Boden (while supervised by at least one of the Broker-Dealer Defendants) and Payne, Walsh Jr. lulled the OPHLs by misrepresenting that 100% of the \$39,500,000 EB-5 money raised would be and was actually used for construction at the Palm House Hotel.

160. With the approval of Walsh, Derrico, Boden (while supervised by Third Seven) and Payne, Walsh Jr. lulled the OPHLs by misrepresenting that the SEC had already investigated the developer of the Palm House Hotel.

161. With the approval of Walsh, Derrico, Boden (while supervised by Third Seven) and Payne, Walsh Jr. lulled the OPHLs by misrepresenting that the SEC and other authorities had investigated the Palm House Hotel project and found no issues.

162. With the approval of Walsh, Derrico, Boden (while supervised by Third Seven) and Payne, Walsh Jr. lulled the OPHLs by misrepresenting that no lies were made to induce the OPHLs' investment in the Palm House EB-5 Offering.

163. With the approval of Walsh, Derrico, Boden (while supervised by Third Seven) and Payne, Walsh Jr. lulled the OPHLs by misrepresenting that the EB-5 investors in the Palm House EB-5 Offering would get EB-5 visas because all the money was spent at the project.

164. With the approval of Walsh, Derrico, Boden (while supervised by Third Seven) and Payne, Walsh Jr. lulled the OPHLs by misrepresenting that the Bad Actors did not do anything inappropriate with the OPHLs' money, which had been raised in compliance with SEC and EB-5 regulations and laws, and it was deployed under those regulations and laws

165. With the approval of Walsh, Derrico, Boden (while supervised by the Broker-Dealer Defendants) and Payne, Walsh Jr. lulled the OPHLs by misrepresenting that USCIS would approve the I-526s.

166. With the approval of Walsh, Derrico, Boden (while supervised by at least one of the Broker-Dealer Defendants) and Payne, Walsh Jr. lulled the OPHLs by misrepresenting that the Palm House Hotel, in its current state, was worth \$93,000,000-\$100,000,000.

167. With the approval of Walsh, Derrico, Boden (while supervised by at least one of the Broker-Dealer Defendants) and Payne, Walsh Jr. lulled the OPHLs by misrepresenting that the Palm House Hotel, once completed, would be worth \$144,000,000.

168. With the approval of Walsh, Derrico, Boden (while supervised by at least one of the Broker-Dealer Defendants) and Payne, Walsh Jr. lulled the OPHLs by misrepresenting that it would take \$16,000,000 to complete the Palm House Hotel project.

169. With the approval of Walsh, Derrico, Boden (while supervised by at least one of the Broker-Dealer Defendants) and Payne, Walsh Jr. lulled the OPHLs by misrepresenting that \$10,000,000 of the EB-5 investors' money was still on hand, and available to complete the Palm House Hotel project.

170. In an effort to further lull the OPHLs, as recently as November 2016, Walsh, Walsh, Jr., Payne, SARC, USREDA, and Walsh Asia were still representing to the OPHLs that the real property at issue, with construction stopped, was currently worth approximately \$100,000,000, and that it would be worth \$140,000,000 when stabilized.

What Actually Happened

171. Other than stating the name of project correctly and its location in Palm Beach County, those communicating and approving communications with the OPHLs and other EB-5 investors misled them as to the true state of affairs with their EB-5 investments, which were swallowed by the vortex of the Palm House Enterprise never to be seen again.

172. The OPHLs' funds were not held in an escrow account. Instead, contrary to all of the written and oral representations, there was no escrow account. There was, however, a fake escrow account.

173. And the OPHLs' funds were stolen and transferred from the fake escrow account -- which was in reality just a regular business checking account -- to other accounts and pillaged for the personal pleasure of the conspirators, including several of the Bad Actors.

174. Specifically, once the OPHLs' funds arrived in the fake escrow account, most of the money was quickly moved to a second "clearing" account.

175. From those two accounts, the OPHLs' funds were "skimmed" right off the top by Defendant Joseph Walsh and his affiliated companies, as he admitted under oath in a related state court action, and never sent to the Palm House Hotel project or anyone purportedly associated with the project. Rather, those funds were used for non-allowable purposes, including personal expenses and investments.

176. In addition, the OPHLs' funds were moved to the Evans Defendants and used by the conspirators for non-allowable purposes including, upon information and belief, personal tax and mortgage expenses, a 151 foot yacht that cost almost \$6,000,000, expensive homes, commercial investment property, a pizza parlor, cars, vacations, and memberships at the Breakers and Mar-a-Lago Club, all wholly unrelated to the creation of jobs at the Palm House Hotel, and all in violation of EB-5 regulations.

177. Each of the representations described hereinabove were knowingly false or misleading.

178. Most of the representations within the Offering Documents were also knowingly false or misleading.

179. The representations that the 100% guaranty for the return of the OPHLs' investment and fees signed by Black in the event their I-526 petition was denied were knowingly false.

180. The representations that the OPHLs' funds would be held in escrow unless and until USCIS approved their I-526s were knowingly false.

181. The representations that the OPHLs would receive their money back upon an official denial of their I-526s by USCIS were knowingly false.

182. The representations that the OPHLs' funds would be returned within 90 days of denial of their I-526s were knowingly false.

183. The representations that a maximum of 79 interests in Palm House would be sold were knowingly false. The OPHLs are informed, and have reason to believe, that at least 90 units

were sold through 2015, violating the necessity that investments into an EB-5 program be “closed-ended,” available only to a specified number of EB-5 investors, and which number is tied to the number of direct or indirect jobs created by the investment. In other words, had the project even progressed as represented, there would have likely been too few jobs created per investor to provide the number of EB-5 visas that were promised.

184. The representations that the funds would be exclusively invested in the Palm House Hotel to create jobs by helping to finish the renovation and development were knowingly false. Virtually none of the funds were used at the project.

185. Representations that USREDA guaranteed the approval of any I-526 application it completed and that it would return all service fees in the event of denial were knowingly false.

186. The representations that SARC was the general partner of Palm House were knowingly false. According to records kept by the Florida Secretary of State, Walsh and Payne were the general partners of Palm House and served in that role until they resigned in July 2016.

187. The OPHLs are informed and have reason to believe that the representations that the developer had “invested” \$22,000,000 of their own equity into the project were misleading and knowingly false. In truth, the prior owner, Defendant Straub, did some work on the hotel and may have incurred expenses to acquire (\$10 million) and work on the property (\$12 million) totaling \$22 million. However, no “equity” was invested by the developer, as they acquired the property with little or no cash paid. Instead, the developer manipulated the sale to enable it to claim to be the prior owner -- the “developer” -- that had invested \$22 million. In truth, they acquired the Straub’s interest in 160 Royal Palm LLC, which owned the property, but then gave the prior owner a \$27,000,000+ mortgage as payment. Rather than “equity,” the developer’s interests were under water each time documents circulated to close the deal where KK-PB Financial LLC at Straub’s express instruction waived due diligence and thereafter. Had Straub authorized KK-PB Financial LLC to perform due diligence on Non-Party Matthews and the underlying EB-5 investment

scheme rather than waiving that exercise, KK-PB Financial LLC could not have reasonably gone forward with the transaction.

188. The representations that the OPHLs' funds were in addition to an equity investment by the developer in excess of \$22,000,000 and a bank loan in excess of \$29,000,000 were also knowingly false. There was no bank loan. Further, there was no "equity investment" by the developer; the developer acquired the property with little or no cash paid, and gave the prior owner a note and mortgage for over \$27,000,000 as consideration without any due diligence.

189. The representations that a bank had provided funding in excess of \$29,000,000 and that the bank had undertaken due diligence on the project prior to making the loan were knowingly false. There was no bank loan, and no due diligence undertaken by any bank. Any bank performing due diligence on the Palm House Enterprise would have never loaned money for its plans for the Palm House Hotel. Because they were required to do so under FINRA rules, the Broker-Dealer Defendants likely knew this given their own due diligence obligations in supervising Boden.

190. The representations that the OPHLs' funds would be held in escrow, and were not yet needed, because construction was being funded by the developer's investment and the bank loan, were knowingly false. There was no escrow account, the funds were quickly removed from the fake escrow account, and there was no bank loan or developer's investment.

191. The representations that the funds would create 10 full-time jobs for each \$500,000 advanced were knowingly false.

192. The representations that the project was in progress, "very near completion," and would be complete for "Season" of 2013/2014 were knowingly false. The project was in such disrepair that the receiver was required to spend hundreds of thousands of dollars to address hazards causing threats to public safety.

193. The representations that the Palm House Hotel would be the last 5-star hotel to be approved on Palm Beach by the local government were knowingly false.

194. The representations that the OPHLs need not worry about any potential delays in building or regulatory issues were knowingly false.

195. The representations that celebrities like Bill Clinton, Celine Dion, Bill Koch, and Eric Schmidt had decided to become members of the Palm House advisory board were knowingly false.

196. The representations that the property at issue was presently worth over \$100,000,000 before completion were knowingly false. Upon information and belief, the property was worth less than \$20,000,000.

197. Representations that the job count for the project was 953 jobs were knowingly false.

198. The representations that the OPHLs' visas would be approved within 6 months were knowingly false.

199. The representations that the OPHLs need not worry if the project will perform and meet the rigid standards required by USCIS were knowingly false.

200. The representations that the developer, Non-Party Robert Matthews, was a famous real estate developer in the United States, equal in status and accomplishment to Donald Trump, and that he had completed several luxury hotel developments around the world, were knowingly false.

201. The representations that each investor's investment would be fully secured by the real property at issue were knowingly false.

202. The representations that EB-5 investors in the Palm House EB-5 Offering had already had their I-526 immigration petitions approved were knowingly false. No investor in the

project ever had their I-526 petition approved. In fact, the history of Walsh's EB-5 projects in terms of I-526 approval was abysmal.

203. The representations that an insurance policy guaranteed that construction of the Palm House Hotel project would be completed were knowingly false. The purported insurance policy was nothing more than a form construction agreement.

204. The representations that the local government had guaranteed that construction of the Palm House Hotel project would be completed were knowingly false. Instead, the Town of Palm Beach had been assessing a fine of \$2,000 per day, since February 2013, which was not disclosed to the OPHLs prior to making their investments.

205. Representations that the general contractor, Laudano, was an experienced and famous hotel developer, and had developed luxury hotels around the United States were knowingly false.

206. The representations that the project would have a net profit in excess of \$7,000,000, and would easily refund the EB-5 investors' money, were knowingly false. There was never an intent to generate profit for EB-5 investors lured into the Palm House Enterprise.

207. The representations that Inga Moore, a famous hotel designer and the winner of the Top Hotel Designer of 2013, had designed the Palm House Hotel were knowingly false.

208. The representations that Niklaus Leuenberger, with 30 years of management experience in luxury hotels around the world, had agreed to manage the Palm House Hotel were knowingly false.

209. Representations that EB-5 investors, with a United States green card, could enjoy free education at all public colleges and universities were knowingly false.

210. Representations that EB-5 investors would have free use or reduced fees for use of the Palm House Hotel were false, given that the project would never be completed.

211. The representations that EB-5 investors could secure the approval of a second I-526 petition approval based on their \$500,000 investment were knowingly false.

212. Notwithstanding material changes to the Palm House EB-5 Offering compared to the representations made to USCIS by SARC and USREDA, no efforts were ever made to update or demand an update of offering materials to reflect these changes. On information and belief, this lack of action was wholly intentional.

213. In sum, the Palm House Enterprise was a systemic fraud, based on a myriad, intentional, material misrepresentations intended to dupe unsuspecting EB-5 investors.

214. The Palm House Hotel was simply a necessary façade for the Palm House Enterprise.

The Money Trail and Misappropriation of Investor Funds

215. SARC, USREDA, Walsh, Walsh Jr., Payne, Black, Boden (while supervised by the Broker-Dealer Defendants), Derrico and Walsh Asia were parties to a likely criminal enterprise devised to steal the OPHLs' funds with several persons involved with the project, including Non-Party Robert Matthews, Maria a/k/a Mia Matthews, Gerry Matthews, Laudano, Leslie Robert Evans and entities that they own and/or control.

216. The OPHLs wired their money into the fake escrow account at PNC Bank.

217. Once the OPHLs' funds arrived in the fake escrow account, most of the money was quickly moved to a second "clearing" account.

218. From those two accounts, approximately \$8 million - \$10 million of funds (likely commingled with those of the OPHLs) were "skimmed" right off the top by Walsh and his affiliated companies, as he admitted under oath in a related state court action, and never sent to the Palm House Hotel project or anyone purportedly associated with the project. Rather, those funds were used for non-allowable purposes, including personal expenses and investments.

219. These funds were moved to the Evans Defendants and used by the conspirators for non-allowable purposes including, upon information and belief, personal tax and mortgage expenses, a 151 foot yacht that cost almost \$6,000,000, expensive homes, commercial investment property, a pizza parlor, cars, vacations and memberships at The Breakers and the Mar-a-Lago Club, among other things, all wholly unrelated to the creation of jobs at the Palm House Hotel, and all in violation of EB-5 regulations.

220. Funds moved to the Evans Defendants were used to pay conspirators in the scheme, including to accounts belonging to:

- (a) Royal Palm Development, which was another EB-5 project for a strip mall managed by Walsh which overpromised jobs to EB-5 investors;
- (b) Evans Defendants;
- (c) KK-PB Financial LLC;
- (d) Galle Law Group, operated by Glenn Straub's attorney, Craig Galle;
- (e) New Haven Contracting South, Inc.;
- (f) USREDA; and
- (g) 160 Royal Palm LLC.

221. Additional distributions to conspirators in the scheme were made from accounts owned or controlled by USREDA and accounts owned or controlled by the Evans Defendants.

222. USREDA appears to have performed little to no legitimate business and was, instead, a front used by Walsh, Walsh Jr., Boden (while supervised by the Broker-Dealer Defendants), Derrico, Black and Payne to launder money. While the OPHLs' funds and those of other EB-5 investors were transferred to USREDA, the amounts of the transfers have no basis or connection whatsoever to any amounts purportedly being charged for questionable or *per se* prohibited legal services under Florida law, which were about \$15,000 per investor.

223. Once EB-5 investors' funds (including those of the OPHLs) were moved to USREDA's accounts, upon information and belief, millions of dollars were transferred to Walsh,

Walsh Jr., Payne and entities that they own and/or control, whereupon the funds were used for non-allowable purposes, siphoning off millions of dollars for personal expenses and investments.

224. Once EB-5 investors' funds (including those of the OPHLs) were moved to Evans Defendants' accounts, upon information and belief, millions of dollars were transferred to Gerry Matthews, Non-Party Robert Matthews, Maria a/k/a Mia Matthews, Laudano, and entities that they own and/or control, whereupon the funds were used for non-allowable purposes, siphoning off millions of dollars for personal expenses and investments.

225. Gerry Matthews, Non-Party Robert Matthews, Maria a/k/a Mia Matthews, and Laudano used several entities to help them transfer, hide, and receive funds (including those of the OPHLs), including:

- (a) New Haven Contracting South, Inc., a company owned and operated by Laudano, which entered into a construction contract to build the project, and which was used to receive, divert and steal millions of dollars of the OPHLs' money instead of use the funds at the project. On information and belief, this conduct was accomplished through, among other things, "double billing" for shoddy or non-existent construction work on the Palm House Hotel.
- (b) Palm House, LLC, an entity purportedly formed to complete the renovations at the project, the purported borrower of the loan proceeds from Palm House, and which was used to receive, divert and steal millions of dollars of the OPHLs' money.
- (c) Palm House PB, LLC, an entity that, upon information and belief, was formed for the purpose of receiving, hiding and stealing the OPHLs' money and did, in fact, use the OPHLs' funds to purchase items such as a \$5,750,000, 151 foot yacht.
- (d) NJL and Botticelli, entities that Laudano used to purchase a Connecticut mansion -- with the OPHLs' funds -- on behalf of and/or for the benefit of Non-Party Robert Matthews and Maria a/k/a Mia Matthews.
- (e) 160 Royal Palm LLC, owned completely by Palm House LLC, is the owner of the real property at issue, which benefitted from the use of the OPHLs' funds.
- (f) Mirabia, an entity that, upon information and belief, received stolen funds to purchase investment property near the Palm House Hotel.
- (g) Bonaventure, an entity that, upon information and belief, received stolen funds.
- (h) Alibi was an entity that Maria a/k/a Mia Matthews used to steal the OPHLs' money and purchase a \$5,750,000, 151 foot yacht.

226. Further, Leslie Robert Evans and his law firm, Leslie Robert Evans & Associates, P.A., paid themselves compensation from the EB-5 investors' funds (including those of the OPHLs) while they assisted in the theft and dissipation of those funds. As escrow agents and attorneys-in-fact for the OPHLs and other EB-5 investors, the Evans Defendants knew that EB-5 investors' funds could only be used for EB-5 project purposes yet actively participated, directly facilitated and benefited from the frauds described herein.

227. Upon information and belief, every Defendant is in actual or constructive possession of the OPHLs' funds or the proceeds of the OPHLs' funds.

228. Equitable tracing of such funds will demonstrate such actual or constructive possession.

229. As owners and/or managers and/or agents of Palm House LLC, Gerry Matthews, Non-Party Robert Matthews, and Maria a/k/a Mia Matthews knew that none of the EB-5 investors' funds (including those of the OPHLs) could be used unless and until the EB-5 investors' I-526s had been approved by USCIS, or at the very least if they were to be used, some reserve would need to be in place to return them if the funds needed to be returned. They also knew that EB-5 investors' funds could only be used for EB-5 project purposes.

230. The Loan Documents specifically stated that the loan to Palm House LLC was dependent on USCIS' approval of the OPHLs' I-526s.

231. While none of the OPHLs' I-526s were approved, Palm House LLC, Gerry Matthews, Non-Party Robert Matthews, and Maria a/k/a Mia Matthews took the OPHLs' money anyway, further demonstrating their criminal intent. Given that EB-5 investors' funds could only be used for EB-5 project purposes, the aforementioned parties actively participated, directly facilitated and benefited from the frauds described herein.

232. SARC, Walsh, Boden, Derrico, Boden (while supervised by the Broker-Dealer Defendants) and Payne owed the OPHLs a fiduciary duty to OPHLs and other EB-5 investors

protect their funds, not steal or facilitate the theft their funds, and not allow their release for use at the Palm House Hotel project unless and until their I-526s were approved by USCIS.

233. Black owed the OPHLs and other EB-5 investors a fiduciary duty to directly and clearly inform them that the guarantys he signed were worthless but failed to do so.

234. The Bad Actors acted with willful, reckless, grossly negligent and malicious intent in taking the actions alleged hereinabove.

235. As a result of the Bad Actors' willful, reckless, grossly negligent and malicious conduct, they are liable for exemplary and punitive damages.

236. Subsequent to the theft and distribution of the OPHLs' funds, the Bad Actors brought lawsuits against each other, asserting weak and/or neutered claims, with the goal of creating yet another façade -- that they were actually attempting to pursue the claims, recoup the stolen money, and make the OPHLs whole.

237. In reality, however, the pretend litigation merely furthered the Palm House Enterprise, and served as additional obstacles to the OPHLs' attempts to obtain visas, discover what happened, and ultimately seek redress.

238. Meanwhile, the Palm House Hotel is a wasting property and, in the words of the Court-appointed receiver, "circling the drain."

239. Defendants, and entities they own and/or control, continue to use and enjoy the OPHLs' stolen funds.

240. None of the OPHLs have received an EB-5 visa or an I-526 petition approval.

241. Many of the Bad Actors continue in their criminal conduct, seeking additional victims for their EB-5 schemes.

242. SARC inexplicably continues to be permitted to operate by USCIS despite clear indicia of wrongdoing and not acting in the best interests of EB-5 investors. Brazenly, Walsh is now involved in another EB-5 project involving a biodiesel facility in Florida for which he

received stock options which, on information and belief, has been marketed to Vietnamese EB-5 investors (see *Exhibit "21"* annexed hereto).

243. Walsh, Jr. is trying to sell "claims to mining rights to over 600,000 identified asteroids in or near celestial orbit using a smart contract and proprietary block chain mechanism" through a cryptocurrency offering whose website once bore Walsh (not Walsh Jr.) proclaiming "Take Me To Your Leader." See <https://asteroidltd.io>.

244. The complex web of the relationship between Defendants Straub, Maria a/k/a Mia Matthews and Non-Party Robert Matthews has only recently come to light to the OPHLs in recent pleading submitted in connection with Straub's inequitable attempt to reclaim the Palm House Hotel through a credit-bid using his tainted mortgage. See *Exhibit "22"* annexed hereto and incorporated by reference.

245. The corporate veils of SARC, USREDA, and Walsh Asia should be pierced and the OPHLs should be allowed to recover against their direct and indirect owners. As described above, SARC, USREDA, and Walsh Asia were employed for fraudulent or misleading purposes and were the alter ego or mere instrumentalities of their owners and managers in furtherance of the Palm House Enterprise. SARC, USREDA, and Walsh Asia were employed in the Palm House Enterprise as a means of creating an official, reputable looking façade, when in reality Walsh, Walsh Jr., Payne and others associated with them merely used these entities as their alter ego or as mere instrumentalities for their litany of lies, fraudulent representations, and other criminal acts. The corporate formalities of SARC, USREDA, and Walsh Asia were not respected, and money was moved in and out of these and related entities in furtherance of the Palm House Enterprise.

246. The OPHLs respectfully request that the Court for all necessary and appropriate relief, in law and equity, so that they may attempt to recover their stolen funds.

Actions of the United States of America

247. The United States of America is in the process of conducting criminal and civil investigations relating to the Palm House Hotel.

248. To date, five of the defendants have been charged with crimes relating to the Palm House Hotel, and two have pleaded guilty.

249. Around March 7, 2018, an Information was filed against Gerry Matthews in the related criminal case of *U.S. v. Gerry Matthews*, Case No. 3:18-CR-43. See *Exhibit “4,” supra*. The Information contains one count for conspiracy to commit wire fraud, and states that the purpose of the conspiracy was to “obtain money, funds, assets and to enrich themselves and their companies by defrauding EB-5 Investors...by means of materially false and fraudulent pretenses, representations, and promises made to EB-5 investors.” *Id.* at ¶12.

250. Gerry Matthews entered a plea agreement, pleading guilty to 1 count of conspiracy to commit wire fraud. See *Exhibit “4,” supra*.

251. Around March 12, 2018, an Information was filed against Laudano in the related criminal case of *U.S. v. Nicholas Laudano*, Case No. 3:18-CR-47. See *Exhibit “6,” supra*. The Information contains counts for conspiracy to commit bank fraud, illegal monetary transactions, and describes in detail how EB-5 investment funds were illegally used to purchase a Connecticut residence.

252. Laudano entered a plea agreement, pleading guilty to 1 count of conspiracy to commit bank fraud and 1 count of illegal monetary transaction. See *Exhibit “7,” supra*.

253. Around March 14, 2018, an Indictment was filed against Non-Party Robert Matthews and Leslie Robert Evans in the related criminal case of *U.S. v. Robert V. Matthews and Leslie R. Evans*, Case No. 3:18-CR-48. See *Exhibit “5,” supra*. The Indictment contains twenty counts, including for wire fraud, bank fraud, conspiracy, illegal monetary transactions, and aiding

and abetting. All allegations in the Indictment regarding Evans are specifically incorporated herein.

254. The Indictment charges Non-Party Robert Matthews with eight counts of wire fraud under 18 U.S.C. § 1343, one count of bank fraud under 18 U.S.C. § 1344, one count of conspiracy to commit bank fraud under 18 U.S.C. § 1349, six counts of illegal monetary transactions using wire fraud proceeds under 18 U.S.C. § 1957, and four counts of illegal monetary transactions using bank fraud proceeds under 18 U.S.C. § 1957.

255. The Indictment charges Evans with eight counts of wire fraud under 18 U.S.C. § 1343, one count of bank fraud under 18 U.S.C. § 1344, one count of conspiracy to commit bank fraud under 18 U.S.C. § 1349, and one count of illegal monetary transactions using wire fraud proceeds under 18 U.S.C. § 1957.

256. The Indictment alleges that Non-Party Robert Matthews and Leslie Robert Evans, knowingly and with intent to defraud, devised and intended to devise, and participated in, a scheme and artifice to defraud and obtain money and property from the EB-5 investors and others by means of materially false and fraudulent pretenses, representations and promises, and in furtherance of that scheme used and caused to be used interstate wires. *See* Indictment at ¶ 14.

257. The Indictment alleges that the purpose of the scheme and artifice was for Non-Party Robert Matthews and Leslie Robert Evans to enrich themselves and their companies by defrauding the EB-5 investors out of money and property owned by and under the control of the EB-5 investors. *See* Indictment at ¶ 15.

258. The Indictment alleges that despite misrepresentations to the contrary, Non-Party Robert Matthews and Evans used the EB-5 funding for purposes not related to the Palm House EB-5 Offering, including for their own personal gain and the gain of others. *See* Indictment at ¶ 19.

259. The Indictment alleges that Non-Party Robert Matthews and Evans knowingly, and with intent to defraud, participated in a scheme in which they used millions of dollars of EB-5 investment funds diverted from the Palm House EB-5 Offering to purchase a Connecticut residence. *See* Indictment at ¶¶ 30-42.

260. The Indictment alleges that Non-Party Robert Matthews and Leslie Robert Evans knowingly engaged, and aided and abetted, in illegal monetary transactions in which EB-5 investment funds were funneled through various entities for improper purposes unrelated to the Palm House EB-5 Offering. *See* Indictment at ¶¶ 45-50.

261. On August 3, 2018, the United States Securities and Exchange Commission filed a Complaint against Palm House, SARC, Walsh, and Non-Party Robert Matthews in the related case of *SEC v. Palm House Hotel LLLP et al*, Case No. 9:18-cv-81038 (the “SEC Complaint”). *See Exhibit “1,” supra*. The SEC Complaint contains eight counts, including for violations of section 17(a)(1) of the Securities Act of 1933 (“Securities Act”), violations of section 17(a)(2) of the Securities Act, violations of section 17(a)(3) of the Securities Act, violations of section 10(b) and rule 10b-5(a) of the Exchange Act of 1934 (“Exchange Act”), violations of section 10(b) and rule 10b-5(b) of the Exchange Act, violations of section 10(b) and rule 10b-5(c) of the Exchange Act, aiding and abetting violations of section 17(a)(2) of the Securities Act, and aiding and abetting violations of section 10(b) and rule 10b-5(b) of the Exchange Act. The Securities and Exchange Commission is also seeking a permanent injunction, disgorgement of all ill-gotten gains, and civil money penalties. *Id.* at pp. 17-18. All allegations in the SEC Complaint are specifically incorporated herein.

262. Around August 29, 2018, a Superseding Indictment was filed against Non-Party Robert Matthews, Leslie Robert Evans, and Maria a/k/a Mia Matthews in the related criminal case of *U.S. v. Robert V. Matthews, Leslie R. Evans, and Maria Matthews*, Case No. 3:18-CR-48. *See*

Exhibit "9," supra. The Superseding Indictment adds a count for tax evasion against Non-Party Robert Matthews and Maria a/k/a Matthews.

COUNT I – Injunctive Relief Against All Defendants
(Except Broker-Dealer Defendants) Under Fla. Stat. §§812.035(1),(6)

263. The OPHLs adopt and re-allege the allegations set forth as if fully stated herein, and to the extent necessary plead in the alternative.

264. Each Plaintiff provided \$500,000 plus at least \$40,000 for administrative fees. Further, certain the OPHLs also provided \$15,000 for legal services.

265. Walsh is guilty of theft in violation of Fla. Stat. §812.014(1)(a) as he knowingly obtained or used, or endeavored to obtain or use, the property of the OPHLs with intent to, either temporarily or permanently deprive the OPHLs of a right to the property or a benefit from the property.

266. Alternatively, Walsh is guilty of theft in violation of Fla. Stat. §812.014(1)(b) as he knowingly obtained or used, or endeavored to obtain or use, the property of the OPHLs with intent to, either temporarily or permanently appropriate the property to his own use or to the use of any person not entitled to the use of the property.

267. Walsh stole the OPHLs' property from the Escrow Account and transferred it to himself, his entities, and his conspirators, which include Walsh Jr., Payne, Derrico (while supervised by the Broker-Dealer Defendants), Boden, Black, Gerry Matthews, Laudano, Evans and entities they own and/or control.

268. The Bad Actors either engaged in such activities in concert with Walsh, aided and abetted the illicit actions, or are otherwise unlawfully in possession of the property of the OPHLs.

269. By Walsh's actions, the OPHLs have been deprived of the right and benefit to their property.

270. Walsh, acting in conspiracy with the other Bad Actors, has misappropriated the OPHLs' property for his own use and the use of the other Bad Actors, which use they are not entitled to receive.

271. Walsh's actions have been taken with the criminal intent to deprive the OPHLs of their property, and Walsh's actions are in direct violation of Fla. Stat. §812.014.

272. The Bad Actors have taken and are taking actions to dissipate the funds and other assets which were obtained, in whole or in part, by using the funds stolen from the OPHLs.

273. The Broker-Dealer Defendants either neglected to communicate their due diligence findings on Palm House to others or did no due diligence at all as required under FINRA Rules, thus placing EB-5 investors such as the OPHLs substantial financial risk.

274. In the absence of injunctive relief, the OPHLs will suffer irreparable damage and harm and there is, and will continue to be, a danger of significant loss and continued harm to the OPHLs.

275. It is clearly in the public interest to enter injunctive relief restraining Walsh, the other Bad Actors, and anyone else that has received the OPHLs' stolen property from secreting or disposing of the OPHLs' funds and from disposing of real property obtained or improved through the use of unlawfully obtained proceeds. The entry of an injunction will serve to enforce the legal rights of the OPHLs and will promote the public interest by restraining Walsh and the other Bad Actors from engaging in such unlawful conduct, and by preventing them from further benefiting from the unlawful conduct.

276. Pursuant to Fla. Stat. §§812.035(1) and (6), the OPHLs seek a preliminary and permanent injunction restraining Walsh, the other Bad Actors, and their agents, relatives, family members, servants, employees and attorneys (including the Evans Defendants) and those persons in active concert or participation with them or who have received or retained any of the proceeds of Walsh's actions who receive actual notice of the injunction from disposing of or secreting any

proceeds of Walsh's alleged illegal activity, from disposing of or secreting any assets that may reasonably contain or be proceeds of Walsh's alleged illegal activity, from disposing of or secreting any property or real property that may reasonably have been purchased with proceeds of Walsh's alleged illegal activity and, further, from impairing, transferring, disposing, or otherwise diminishing the value of any such property, or from stripping the equity of such property via mortgages or otherwise. The OPHLs further request that the Court impose by temporary and permanent injunctive relief a constructive trust upon the proceeds of Walsh's illegal conduct and grant the OPHLs such other and further relief which may be appropriate under the circumstances.

COUNT II – Dissolution of Palm House Hotel LLLP

277. The OPHLs adopt and re-allege the allegations set forth as if fully stated herein and to the extent necessary, plead in the alternative.

278. Palm House is a Florida limited liability limited partnership and is governed by the Florida Revised Uniform Limited Partnership Act of 2005, which is contained in Florida Statutes Chapter 620.

279. The OPHLs are limited partners in Palm House.

280. Pursuant to Fla. Stat. §620.1802, on application by a partner, the circuit court may order the dissolution of a limited partnership if it is not reasonably practicable to carry on the activities of the limited partnership in conformity with the partnership agreement.

281. As described above, despite the myriad of representations in the Offering Documents and the Palm House Limited Partnership Agreement that the OPHLs' funds will remain in escrow unless and until their I-526s were approved by USCIS, Walsh directly facilitated its theft, stole it and thereafter distributed it among his conspirators.

282. With all the funds now stolen from the fake escrow account, and the Palm House Hotel project exposed as nothing more than a façade for the Palm House Enterprise, it is not reasonably practicable to carry on the activities of the limited partnership.

283. Additionally, it is necessary to remove the Bad Actors who perpetrated the fraud and theft on the OPHLs from the management of Palm House, as they are now purporting to pursue legal claims and seek redress -- for their own criminal wrongdoing -- on behalf of Palm House. However, this litigation is merely a continuation of the fraud and part of the overarching charade of the Palm House Enterprise.

284. Further, the current management of Palm House has proven that they cannot be trusted, as they have defrauded and lulled the OPHLs for years with lies that all was well, even mischaracterizing the character and nature issues in pending litigation.

285. Walsh, Payne and SARC should be removed from the wind up of Palm House and the prosecution of legal claims on behalf of Palm House.

286. New, independent decision makers and counsel that will actually pursue justice on behalf of the victims should be installed at Palm House.

287. Accordingly, pursuant to Fla. Stat. §620.1803(4), on the basis of the good cause demonstrated herein, the OPHLs ask the Court to order judicial supervision of the winding up of Palm House, and the appointment of a receiver unaffiliated with Defendants to wind up Palm House's activities, including the prosecution of claims on behalf of Palm House.

288. Alternatively, dissolution and wind up of Palm House is appropriate under Article X of the Palm House Limited Partnership Agreement.

WHEREFORE, pursuant to Fla. Stat. §620.1802 and §620.1803, the OPHLs seek the dissolution and wind up of Palm House Hotel LLLP, judicial supervision of the wind up, the appointment of a receiver to wind up Palm House's activities, including the prosecution of claims on behalf of Palm House, and such other and further relief as the Court deems just and proper.

COUNT III – Conversion/Equitable Replevin
Against All Defendants (excluding Palm House and the Broker-Dealer Defendants)

289. The OPHLs adopt and re-allege all allegations set forth as if fully stated herein, and to the extent necessary plead in the alternative.

290. The Bad Actors' wrongful taking and retention of property and payments which belong to the OPHLs as part of the Palm House Enterprise gives rise to a claim for conversion in that the Bad Actors have, without authorization, asserted dominion and control over the funds which are the specifically identifiable property of the OPHLs and are or were the property of the OPHLs and which were owned or payable to the OPHLs. The Bad Actors' conversion is inconsistent with the OPHLs' rights and ownership to said property.

291. In the alternative, Bad Actors' improper taking and retention of property and payments which belong to the OPHLs as part of the Palm House Enterprise gives rise to a claim for equitable replevin in that the Bad Actors have, absent fraud (which is not conceded by The OPHLs), asserted dominion and control over the funds which are the specifically identifiable property of the OPHLs and are or were the property of the OPHLs and which were owned or payable to the OPHLs. Notwithstanding such absence of fraud or other wrongful conduct, the Bad Actors' conversion is inconsistent with the OPHLs' rights and ownership to said property.

292. The payments and property wrongfully or improperly converted by the Bad Actors as part of the Palm House Enterprise are specific, traceable and identifiable.

293. By virtue of the Bad Actors' repeated and continued misappropriation and conversion of the OPHLs' property as part of the Palm House Enterprise, they have caused the OPHLs substantial damage.

WHEREFORE, the OPHLs demand judgment against the Bad Actors for damages, punitive damages, costs, interest, prejudgment interest, and such other and further relief which is necessary and just under the circumstances. Further, the OPHLs request that the Court impose, by temporary and permanent injunctive relief, a constructive trust upon the proceeds of the Bad Actors' wrongful or improper conduct, including all unjust gains derived from such proceeds.

**COUNT IV – Fraud in the Inducement
against SARC, USREDA, Walsh Asia, Walsh,
Walsh Jr., Payne, Derrico, Black and Boden**

294. The OPHLs adopt and re-allege the allegations set forth as if fully stated herein and to the extent necessary, plead in the alternative.

295. As specifically described above, Walsh, Walsh Jr., Payne, Derrico, Black, Boden (while supervised by the Broker-Dealer Defendants), Non-Party Robert Matthews, SARC, USREDA, and Walsh Asia made knowingly false statements concerning material facts in the Offering Documents.

296. As specifically described above, Walsh, Walsh Jr., Payne, Derrico, Black, SARC, USREDA, and Walsh Asia made knowingly false statements concerning material facts in the USCIS Approval.

297. In China, SARC, USREDA, Walsh, Walsh Jr., and Walsh Asia with assistance from Boden (while supervised by the Broker-Dealer Defendants), also directly facilitated and caused the use and distribution of the PowerPoint Presentation, which contained knowingly false statements concerning material facts, when they sold the Palm House EB-5 Offering to the OPHLs.

298. Walsh, Walsh Jr., Payne, Non-Party Robert Matthews, Derrico, Black, Boden (while supervised by the Broker-Dealer Defendants), SARC, USREDA, and Walsh Asia knew that their representations were false, and intended that the OPHLs rely upon the representations and be induced by them to invest their money into Palm House.

299. Walsh, Walsh Jr., Payne, Non-Party Robert Matthews, Derrico, Black, Boden (while supervised by the Broker-Dealer Defendants), SARC, USREDA, and Walsh Asia knew that there was no intention to hold the OPHLs' funds in an escrow account unless and until their I-526s were approved by USCIS.

300. The notion of an escrow was intended to enable the fraud and theft by giving the OPHLs the assurance that their money was safe, and that it would only be used if and when their

I-526s were approved, and then only after approximately \$50,000,000 in developer funding and bank financing had been used.

301. Instead, there was no developer equity, there was no bank loan, the I-526s were properly denied, no jobs were created and the OPHLs' funds were stolen from the fake escrow account in furtherance of the Palm House Enterprise.

302. The OPHLs relied upon these representations and have been damaged.

WHEREFORE, the OPHLs demand judgment against Walsh, Walsh Jr., Payne, Non-Party Robert Matthews, SARC, USREDA, and Walsh Asia for damages, punitive damages, costs, interest, prejudgment interest, and such other and further relief which is necessary and just in the circumstances.

**COUNT V – Fraud Against SARC, USREDA,
Walsh, Walsh Jr., Payne, Black, Derrico, Boden and Walsh Asia**

303. The OPHLs adopt and re-allege the allegations set forth as if fully stated herein, and to the extent necessary, plead in the alternative.

304. As specifically described above, after the OPHLs provided their investments in Palm House, Walsh, Walsh Jr., Payne, Derrico, Black, Boden (while supervised by at least one of the Broker-Dealer Defendants), SARC, USREDA, and Walsh Asia engaged in an ongoing fraud intended to lull the OPHLs into not bringing legal action, not reporting the Palm House Enterprise and those involved in it to law enforcement, and not otherwise seeking to protect their interests or disrupt its nefarious purposes.

305. Among the many knowingly false statements concerning material facts that Walsh, Walsh Jr., Payne, Derrico, Black, Boden (while supervised by at least one of the Broker-Dealer Defendants), SARC, USREDA, and Walsh Asia made, directly facilitated or approved to be made to the OPHLs:

- (a) USCIS had made a mistake, that one of the top 500 attorneys in the United States had been hired to appeal USCIS's denial decision, and that they were certain it would get reversed.
- (b) There were no problems with the Palm House Hotel project, and all the OPHLs need to do is wait.
- (c) The Palm House Hotel would be open within 6 months.
- (d) The Palm House Hotel real property was not in foreclosure.
- (e) 100% of the EB-5 money raised was actually used for construction at the Palm House Hotel.
- (f) The SEC had already investigated the developer of the Palm House Hotel project.
- (g) The SEC had investigated the Palm House Hotel project and found it "to be clean."
- (h) The Palm House Hotel, in its current state, was worth \$93,000,000-\$100,000,000.
- (i) The Palm House Hotel, once completed, would be worth \$144,000,000.
- (j) The Palm House Hotel's value would more than cover the two (2) mortgages, which included the \$27,500,000 mortgage in favor of Defendant KK-PB Financial LLC.

306. Walsh, Walsh Jr., Payne, Derrico, Black, Boden (while supervised by at least one of the Broker-Dealer Defendants), SARC, USREDA, and Walsh Asia knew that their representations were false, and intended that the OPHLs rely upon such representations and be induced by them to not take action to disrupt the criminal scheme of the Palm House Enterprise.

307. The OPHLs relied upon these representations and have been damaged.

WHEREFORE, the OPHLs demand judgment against Walsh, Walsh Jr., Payne, Derrico, Black, Boden, SARC, USREDA, and Walsh Asia for damages, punitive damages, costs, interest, prejudgment interest, and such other and further relief which is necessary and just in the circumstances.

**COUNT VI – Aiding and Abetting Fraud Against
Gerry Matthews, Nicholas Laudano and the Broker-Dealer Defendants**

308. The OPHLs adopt and re-allege all of the allegations set forth as if fully stated herein, and to the extent necessary plead in the alternative.

309. As specifically described above, SARC, USREDA, Walsh, Walsh Jr., Payne, Derrico, Black, Boden and Walsh Asia, committed a fraud against the OPHLs.

310. Gerry Matthews, Boden and Laudano had knowledge that a fraud had been committed upon the OPHLs. By virtue of their supervision of Boden's activities as a FINRA registrant, the Broker-Dealer Defendants either knew of these frauds or recklessly chose to ignore them.

311. Gerry Matthews, Laudano and the Broker-Dealer Defendants knowingly aided and abetted the commission of the fraud against the OPHLs as participants in the Palm House Enterprise.

312. Gerry Matthews, Laudano and the Broker-Dealer Defendants assisted in the inducement of the investments by orchestrating or facilitating the appearance of an actual real estate project at the Palm House Hotel when, in reality, the project was simply a façade for the Palm House Enterprise.

313. Gerry Matthews and Laudano knew that the loan to Palm House LLC was conditioned on the approval of the OPHLs' I-526s. By virtue of their supervision of Boden's activities as a FINRA registrant, the Broker-Dealer Defendants either knew of this fact or recklessly chose to ignore it.

314. Gerry Matthews and Laudano knew that the loan to Palm House LLC was supposed to be used solely for the renovation and development of the Palm House Hotel in accordance with regulations of the EB-5 program. By virtue of their supervision of Boden's activities as a FINRA registrant, the Broker-Dealer Defendants either knew of this fact or recklessly chose to ignore it.

315. Gerry Matthews, Laudano and the Broker-Dealer Defendants substantially assisted or encouraged SARC, USREDA, Walsh, Walsh Jr., Payne, Derrico, Black, Boden and Walsh Asia to commit fraud as alleged herein and profited therefrom.

316. The OPHLs were damaged by the actions of, Gerry Matthews, Laudano and the Broker-Dealer Defendants.

WHEREFORE, the OPHLs demand judgment against Gerry Matthews, Laudano and the Broker-Dealer Defendants, jointly and severally, for damages, punitive damages, costs, interest, prejudgment interest, and such other relief as the Court deems proper.

**COUNT VII – Breach of Fiduciary Duty Against
SARC, USREDA, Walsh, Boden, Derrico and Payne**

317. The OPHLs adopt and re-allege all allegations set forth as if fully stated herein, and to the extent necessary plead in the alternative.

318. Walsh, Payne, Boden, Derrico, USREDA and SARC owed the OPHLs a fiduciary duty and other implied duties arising from their service as general partners or persons purporting to act as general partners or managing members of Palm House and its affiliated entities, including the duties of loyalty and care.

319. Moreover, the OPHLs reposed their trust and confidence in SARC, USREDA, Walsh, Boden, Derrico and Payne, which they accepted. The OPHLs were dependent on USREDA, SARC, Walsh, Boden, Derrico and Payne and their purported expertise in the United States EB-5 visa program, and USREDA, SARC, Walsh, Boden (while supervised by the Broker-Dealer Defendants), Derrico and Payne knowingly undertook and accepted the duty to advise, counsel, and protect the OPHLs. In particular, the OPHLs were intended beneficiaries of Boden's duties of good faith and fair dealing as a FINRA registrant.

320. Walsh, Payne, Boden (while supervised by the Broker-Dealer Defendants), Derrico, USREDA and SARC's duty of loyalty included the duty to supervise, account or hold as trustee any property derived by the general partner in the conduct of the limited partnership's activities.

321. Walsh, Payne, Boden (while supervised by the Broker-Dealer Defendants), Derrico, USREDA and SARC's duty of care included the duty to refrain from engaging in grossly negligent or reckless conduct, intentional misconduct, or a knowing violation of law. Boden and the Broker-Dealer Defendants also owed the OPHs a duty of good-faith compliance in their conduct as FINRA registrants.

322. Walsh, Payne, Boden, Derrico, USREDA and SARC, by stealing, facilitating and/or allowing the OPHs' funds to be stolen from the fake escrow account, in derogation of the written and oral representations that the funds would be held in escrow pending USCIS' approval of the OPHs' I-526s, furthered the Palm House Enterprise and breached their fiduciary duties to the OPHs.

323. Walsh, Payne, Boden, Derrico, USREDA and SARC's facilitation, making and allowing knowingly false statements to be made concerning material facts about the Palm House EB-5 Offering, including statements regarding the status of construction, the status of the I-526s, and the status and nature of pending litigation, furthered the Palm House Enterprise and breached their fiduciary duties to the OPHs.

324. Walsh, Payne, Boden, Derrico, USREDA and SARC's breach of their fiduciary duties have caused the OPHs substantial damage.

WHEREFORE, the OPHs demand judgment against SARC, USREDA, Walsh, Boden, Derrico and Payne for damages, punitive damages, costs, interest, prejudgment interest, and such other relief as the Court deems proper.

COUNT VIII – Aiding and Abetting Breach of Fiduciary Duty
Against Gerry Matthews, Laudano and the Broker-Dealer Defendants

325. The OPHs adopt and re-allege all allegations set forth as if fully stated herein, and to the extent necessary plead in the alternative.

326. SARC, USREDA, Walsh, Boden and Payne owed the OPHs fiduciary duties.

327. SARC, USREDA, Walsh, Boden and Payne breached their fiduciary duties to the OPHLs.

328. Gerry Matthews, and Laudano had knowledge that SARC, USREDA, Walsh, Boden and Payne breached their fiduciary duties to the OPHLs, including the duty to hold the OPHLs' funds in escrow unless and until their I-526s were approved. By virtue of their supervision of Boden's activities as a FINRA registrant, the Broker-Dealer Defendants either knew of this fact or recklessly chose to ignore it.

329. Gerry Matthews and Laudano knowingly aided and abetted the commission of the breach of fiduciary duty against the OPHLs in furtherance of the Palm House Enterprise. By virtue of their supervision (or lack thereof) of Boden's activities as a FINRA registrant, the Broker-Dealer Defendants aided and abetted the commission of the breach of fiduciary duty against the OPHLs in furtherance of the Palm House Enterprise.

330. Gerry Matthews and Laudano substantially assisted or encouraged SARC, USREDA, Walsh, Boden and Payne to breach their fiduciary duties in furtherance of the Palm House Enterprise. By virtue of their supervision (or lack thereof) of Boden's activities as a FINRA registrant, the Broker-Dealer Defendants substantially assisted and encourages Boden's breach of fiduciary duty against the OPHLs in furtherance of the Palm House Enterprise.

331. The OPHLs were damaged by the actions of Gerry Matthews, Laudano and the Broker-Dealer Defendants.

WHEREFORE, the OPHLs demand judgment against Gerry Matthews, Laudano and the Broker-Dealer Defendants, jointly and severally, for damages, punitive damages, costs, interest, prejudgment interest, and such other relief as the Court deems proper.

COUNT IX – Violation of Florida Securities and Investor Protection Act,
Fla. Stat. §§517.011 et seq. Against SARC, USREDA,
Walsh Jr., Derrico, Payne, Boden and the Broker-Dealer Defendants

332. The OPHLs adopt and re-allege all allegations set forth as if fully stated herein, and to the extent necessary plead in the alternative.

333. This is an action for violations of the Florida Securities and Investor Protection Act (“FSIPA”), Fla. Stat. §§517.011 *et seq.*

334. Pursuant to Fla. Stat. §517.301(1)(a), it is unlawful and a violation of FSIPA for a person, in connection with the rendering of any investment advice or in connection with the offer, sale, or purchase of any investment or security, including any security exempted under the provisions of §517.051 and including any security sold in a transaction exempted under the provisions of §517.061, directly or indirectly:

- (a) to employ any device, scheme, or artifice to defraud;
- (b) to obtain money or property by means of any untrue statement of a material fact or any omission to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; or
- (c) to engage in any transaction, practice, or course of business which operates or would operate as a fraud or deceit upon a person.

335. It is also unlawful to knowingly and willfully falsify, conceal, or cover up, by any trick, scheme, or device, a material fact, make any false, fictitious, or fraudulent statement or representation, or make or use any false writing or document, knowing the same to contain any false, fictitious, or fraudulent statement or entry. Fla. Stat. §517.301(1)(c).

336. Pursuant to Fla. Stat. §517.211(2), any person purchasing or selling a security in violation of §517.301, and every director, officer, partner, *or agent* of or for the purchaser or seller, if the director, officer, partner, or agent has personally participated *or aided* in making the sale or purchase, is jointly and severally liable to the person selling the security to or purchasing

the security from such person in an action for rescission, if the plaintiff still owns the security, or for damages, if the plaintiff has sold the security.

337. A purchaser may recover the consideration paid for the security or investment, plus interest thereon at the legal rate, less the amount of income received by the purchaser on the security or investment, in addition to an award of prevailing party attorneys' fees. See Fla. Stat. § 517.211(3).

338. SARC, USREDA, Walsh, Walsh Jr., Boden (while supervised by the Broker-Dealer Defendants), Derrico and Payne employed, directly facilitated and carried out a scheme to defraud the OPHLs into making an investment in Palm House.

339. SARC, USREDA, Walsh, Walsh Jr., Boden (while supervised by the Broker-Dealer Defendants), Derrico and Payne through their scheme obtained the OPHLs' money for investment in the Palm House Enterprise by means of untrue statements of material facts, including the Escrow Representation.

340. SARC, USREDA, the Broker-Dealer Defendants, Walsh, Walsh Jr., Boden, Derrico and Payne engaged in transactions, practices and a course of business that operated as a fraud on the OPHLs and other EB-5 investors.

341. SARC, USREDA, Walsh, Walsh Jr., Boden (while supervised by the Broker-Dealer Defendants), Derrico and Payne acted with scienter, and knew that their representations were false, and intended that the OPHLs rely upon those representations and be induced by them to invest their money into Palm House. The recklessness of the Broker-Dealer Defendants in connection with their supervision of Boden rises to the level of scienter.

342. SARC, USREDA, Walsh, Walsh Jr., Boden (while supervised by the Broker-Dealer Defendants), Derrico and Payne knew there was no intention to hold the OPHLs' funds in escrow unless and until their I-526s were approved by USCIS.

343. The OPHLs relied upon the representations of SARC, USREDA, Walsh, Walsh Jr., Boden (while supervised by the Broker-Dealer Defendants), Derrico and Payne in making their investments into Palm House, and have been damaged.

344. The OPHLs tender their investments in Palm House.

345. SARC, USREDA, the Broker-Dealer Defendants, Walsh, Walsh Jr., Boden, Derrico and Payne all actively participated or aided in making the sale of the Palm House investment to the OPHLs that resulted in a direct harm to the OPHLs.

WHEREFORE, the OPHLs respectfully request that the Court enter judgment in favor of the OPHLs and against SARC, USREDA, the Broker-Dealer Defendants, Walsh, Walsh Jr., Boden, Derrico and Payne jointly and severally, for rescission, attorneys' fees pursuant to Fla. Stat. §517.211, interest, costs, and such other relief that the Court deems just and proper including, without limitation, any or all of the remedies provided for under the Florida Securities and Investor Protection Act, Fla. Stat. §517.011 *et seq.*

**COUNT X – Unjust Enrichment Against All Defendants
except the Broker-Dealer Defendants (collectively the “Unjust Enrichment Defendants”)**

346. The OPHLs adopt and re-allege the allegations set forth as if fully stated herein, and to the extent necessary plead in the alternative.

347. As a result of the unlawful actions of Walsh, the OPHLs have conferred a benefit on the Unjust Enrichment Defendants in the form of assets taken from the OPHLs and given to the Unjust Enrichment Defendants or by the Unjust Enrichment Defendants' acquisition of assets or real property acquired using funds unlawfully obtained from the OPHLs through the Palm House Enterprise.

348. The Unjust Enrichment Defendants were aware of the benefits conferred on them by the OPHLs, and have been unjustly enriched by the benefits by their unlawful participation in the Palm House Enterprise.

349. The Unjust Enrichment Defendants voluntarily accepted and retained the benefits conferred on them.

350. The circumstances are such that it would be inequitable for the Unjust Enrichment Defendants to retain the benefits obtained by them as a result of the actions of Walsh and the other Bad Actors.

WHEREFORE, the OPHLs respectfully request that the Court enter judgment in favor of the OPHLs and against Unjust Enrichment Defendants for the value of the benefits wrongfully obtained by the Unjust Enrichment Defendants, awarding and imposing upon the Unjust Enrichment Defendants a constructive trust upon such proceeds and imposing equitable relief requiring the Unjust Enrichment Defendants to turn over the assets obtained using the funds of the OPHLs, and granting such other and further relief as the Court deems just and proper.

**COUNT XI- Money Had and Received Against All Defendants
Except Broker-Dealer Defendants (collectively the "Money Had/Received Defendants")**

351. The OPHLs adopt and re-allege the allegations set forth as if fully stated herein, and to the extent necessary plead in the alternative.

352. The Money/Had Received Defendants received, either directly or indirectly, the money of OPHLs designated for EB-5 investment as result of their inactions or ignorance, including but not limited to their failure to cause disclosure the mortgage of KK-PB Financial, LLC in the offering documents used in the placement of the Palm House EB-5 investments.

353. The circumstances are such that each Money Had/Received Defendant should, in all fairness under common precepts of equity, be required to return the money to the OPHLs.

WHEREFORE, the OPHLs respectfully request that the Court enter judgment in favor of the OPHLs and against the Money Had/Received Defendants for the value of the benefits

improperly obtained by each of the Money Had/Received Defendants, awarding and imposing upon each of the Money Had/Received Defendants a constructive trust upon such proceeds and imposing equitable relief requiring each of the Money Had/Received Defendants to turn over the money had and received of the OPHLs, and granting such other and further relief as the Court deems just and proper.

COUNT XII – Violation of Florida Deceptive and Unfair Trade Practices Act, Fla. Stat. §§501.201 et seq., Against All Defendants (excluding Palm House and Evans Defendants)

354. The OPHLs adopt and re-allege all allegations set forth as if fully stated herein, and to the extent necessary plead in the alternative.

355. After SARC, USREDA, Walsh, Walsh Jr., Derrico, Boden, Black and Payne committed securities fraud, the Defendants (excluding Palm House and the Evans Defendants) committed separate, independent, unfair and deceptive acts against the OPHLs in Florida.

356. The Florida Deceptive and Unfair Trade Practices Act (“FDUTPA”) broadly prohibits all “[u]nfair methods of competition, unconscionable acts or practices, and unfair or deceptive acts or practices in the conduct of any trade of commerce.” Fla. Stat § 501.204(1).

357. The Defendants engaged in trade and/or commerce within the meaning of FDUTPA.

358. The OPHLs were consumers under FDUTPA.

359. The Defendants (excluding Palm House and the Evans Defendants) engaged in deceptive and unfair trade practices in violation of FDUTPA in Florida, as more fully explained above, including but not limited to:

- (a) Causing the OPHLs to wire money into a bank account in Florida, which then allowed the money to be looted in Florida;
- (b) Stealing and removing the OPHLs’ funds from the Escrow Account in Florida;
- (c) Engaging in a scheme whereby the OPHLs’ funds were moved between multiple bank accounts in Florida, using Florida business entities (e.g. Palm House) or entities with their principal place of business in Florida (e.g. USREDA), in an effort

to disguise the source of funds, and then distributing those funds among those in Florida participating in the Palm House Enterprise;

- (d) Depositing the OPHLs' funds into a trust account controlled by the Evans Defendants in Florida, in an attempt to hide the fact that the funds belonged to the OPHLs and to create a façade of propriety;
- (e) Providing the OPHLs' funds to Palm House LLC in Florida before the OPHLs' I-526s were approved by USCIS;
- (f) Using the OPHLs' funds, in Florida, for non-allowable purposes, *i.e.* purposes not related to the renovation or development of the Palm House Hotel;
- (g) Engaging in a systematic scheme, in Florida, to loot the OPHLs' funds, transfer and hide them among multiple accounts, distribute them among the conspirators and entities they owned and/or controlled, and use them to purchase goods, real property and other items to personally benefit the Bad Actors as part of the Palm House Enterprise; and
- (h) Continually lulling and lying to the OPHLs in Florida about the status of the Palm House Hotel project, the status and character of the litigation relating to the project, the status of the I-526 petition approvals, and such other frauds and falsehoods that were told to the OPHLs while their funds were stolen and dissipated, in an effort to prevent the OPHLs from bringing a lawsuit, alerting law enforcement or otherwise interfering with the Bad Actors' schemes in the Palm House Enterprise. SARC, USREDA and Palm House had their principal places of business in Florida, and Derrico, Boden, Walsh and Walsh Jr. resided in Florida.
- (i) In the case of the Broker-Dealer Defendants, recklessly abrogating their supervisory duties over Boden and the products he sold or assisted in selling.

360. The OPHLs suffered actual economic damages as a direct result of the Defendants' (excluding Palm House and the Evans Defendants) deceptive and unfair trade practices.

361. The OPHLs are also entitled to recover their attorneys' fees pursuant to Fla. Stat. § 501.2105.

WHEREFORE, the OPHLs respectfully request that the Court enter judgment in favor of the OPHLs and against the Defendants (excluding Palm House and the Evans Defendants) for damages, interest, costs, attorneys' fees pursuant to Fla. Stat. § 501.2105, and such other relief that the Court deems just and proper.

COUNT XIII – Equitable Accounting Against All Defendants

362. The OPHLs adopt and re-allege all allegations set forth as if fully stated herein and to the extent necessary, plead in the alternative.

363. A fiduciary relationship existed between the OPHLs and Palm House, Walsh, Payne, Boden, Derrico, USREDA and SARC.

364. Further, the fraud and theft perpetrated upon the OPHLs was an extensive, complex transaction as part of the Palm House Enterprise, whereby the OPHLs' funds were transferred between and among many accounts, laundered through numerous entities, and ultimately used for illegal and otherwise inappropriate purposes.

365. The OPHLs' funds, which were transferred from the fake escrow account without any authorization from the OPHLs, and the subsequent unauthorized transfers and transactions involving these funds, are so involved and complicated that a remedy at law is insufficient to administer complete justice.

366. The OPHLs are entitled to receive information regarding transactions involving any of the funds traceable to the OPHLs.

WHEREFORE, the OPHLs respectfully request that this Court order Defendants to provide a full and complete accounting of their finances, operations, and transactions involving any funds traceable to the OPHLs, provide the OPHLs with the location and amount of all accounts containing any funds traceable to the OPHLs, provide the OPHLs with the location and description of all property purchased with any funds traceable to the OPHLs, impose a constructive trust over all amounts and profits to which the OPHLs are determined to be entitled to, and to grant such other and further relief as the Court deems just and proper.

**COUNT XIV – Civil Conspiracy Against All Defendants
(excluding Palm House and the Broker-Dealer Defendants)**

367. The OPHLs adopt and re-allege all allegations set forth as if fully stated herein and to the extent necessary, plead in the alternative.

368. The Bad Actors are parties to a conspiracy which constituted the Palm House Enterprise.

369. There was an agreement between the Bad Actors to do an unlawful act or to do a lawful act by unlawful means, there were overt acts in furtherance of the conspiracy, and the OPHLs were damaged as a result of acts done under the conspiracy.

370. As described above, the basis of the conspiracy is a fraud and theft of the OPHLs' money, which are independent torts that give rise to causes of action if committed by one person.

371. The Bad Actors entered into a conspiracy and acted in concert to market a fraudulent investment scheme to the OPHLs and other EB-5 investors, steal their money, and then distribute and dissipate the money among themselves in furtherance of the Palm House Enterprise.

372. The Bad Actors acted with the full knowledge and awareness that the Palm House Enterprise was designed to fraudulently procure and steal the OPHLs' funds under the guise of a legitimate EB-5 visa investment opportunity.

373. The Bad Actors acted contrary to law and accepted practices in the immigration investment industry, acted according to a predetermined and commonly understood plan of action for the purpose of obtaining the OPHLs' funds, and took overt acts in furtherance of the conspiracy.

374. There was a meeting of minds between and among the Bad Actors to commit the unlawful acts alleged herein as part of the Palm House Enterprise.

375. The OPHLs have suffered damage as a result of the conspiracy.

WHEREFORE, the OPHLs respectfully requests that the Court enter judgment in favor of the OPHLs and against the Bad Actors for damages, interest, costs and such other relief that the Court deems just and proper.

**COUNT XV – Constructive Fraud Against All Defendants
(excluding Palm House)**

376. The OPHLs adopt and re-allege all allegations set forth as if fully stated herein, and to the extent necessary plead in the alternative.

377. Duties to the OPHLs under a confidential or fiduciary relationship have been abused.

378. An unconscionable or improper advantage has been taken of the OPHLs.

379. As specifically described above, a fraudulent scheme was perpetrated upon the OPHLs, based upon knowingly false statements concerning material facts and concealment and failure to acknowledge or detect them in the normal course of business.

380. The OPHLs justifiably relied upon the knowingly false statements concerning material facts and concealment, were induced to provide their investments, and have been damaged.

381. The fraudulent scheme perpetrated upon the OPHLs was wrongful, and equitable interference is justified under these circumstances.

WHEREFORE, the OPHLs demand judgment against all Defendants (except Palm House) for damages, costs, interest, prejudgment interest, and such other and further relief which is necessary and just in the circumstances.

COUNT XVI – Equitable Lien Against KK-PB Financial, LLC and Straub

382. The OPHLs adopt and re-allege all allegations set forth as if fully stated herein, and to the extent necessary plead in the alternative.

383. Since 2009, 160 Royal Palm, LLC has owned the real property located at 160 Royal Palm Way, Palm Beach, Florida, upon which the Palm House Hotel is located (the Real Property).

384. Straub was the prior developer of the Palm House Hotel, and owned and/or controlled 160 Royal Palm, LLC.

385. Straub sold his ownership interest in 160 Royal Palm, LLC in 2013 to Palm House, LLC and knowing instructed KK-PB Financial LLC to waive due diligence in consummating that sale knowing that if due diligence was conducted, the transaction could not have ever been consummated.

386. Palm House, LLC is owned and/or controlled by Gerry Matthews and Non-Party Robert Matthews.

387. In exchange for conveying the membership interests in 160 Royal Palm LLC, Straub's company which he controlled, KK-PB Financial LLC, received little to no cash and a mortgage in the principal amount of \$27,468,750 (the Mortgage).

388. Straub and KK-PB Financial LLC were aware that Palm House, LLC intended to offer an EB-5 visa program at the Palm House Hotel, and that they intended to obtain EB-5 investors in the project based on specific representations of security and lien status, yet ignored that fact under the guise of waiving due diligence on the transaction.

389. Straub and KK-PB Financial LLC were aware that potential EB-5 investors at the Palm House Hotel would seek security in exchange for their investment, yet ignored that fact under the guise of waiving due diligence on the transaction.

390. Straub and KK-PB Financial LLC were aware that potential EB-5 investors at the Palm House Hotel would seek security for their investment in the form of a mortgage on the Real Property, yet ignored that fact under the guise of waiving due diligence on the transaction.

391. Straub and KK-PB Financial LLC were aware that potential EB-5 investors at the Palm House Hotel would likely perform due diligence and ascertain whether the Real Property provided adequate security for their investment, yet ignored that fact under the guise of waiving due diligence on the transaction.

392. Upon information and belief, Straub and KK-PB Financial LLC were informed that the EB-5 investors were told that there was a \$29,500,000 bank loan and mortgage against the property, and that those funds were being used to create jobs and continue the construction, yet ignored that fact under the guise of waiving due diligence on the transaction.

393. Upon information and belief, Straub and KK-PB Financial LLC were informed that the EB-5 investors were told that their investments would be used to pay off the \$29,500,000 bank

loan, at which time they would receive a first mortgage on the Real Property, yet ignored that fact under the guise of waiving due diligence on the transaction.

394. Upon information and belief, Straub and KK-PB Financial LLC were informed that the EB-5 investors would be told that their investments would be fully secured by the Real Property, yet ignored that fact under the guise of waiving due diligence on the transaction.

395. Upon information and belief, Straub and KK-PB Financial LLC intentionally failed to record their Mortgage for almost seven (7) months to create the façade to potential EB-5 investors that the Real Property was unencumbered by his mortgage, which was in excess of \$27,000,000.

396. Upon information and belief, Straub and KK-PB Financial LLC waived due diligence on the transaction knowing that if they did not, they would have fully confirmed the frauds and misstatements that injured the OPHLs and other EB-5 investors, including but limited to statements in offering documents provided to the OPHLs and other EB-5 investors.

397. Upon information and belief, Glenn Straub and KK-PB Financial LLC recorded the Mortgage on March 28, 2014, only after being informed that most of the OPHLs had already performed their due diligence, signed their documentation and wired their investments for the Palm House EB-5 Offering.

398. It is inconceivable why the holder of a mortgage in excess of \$27,000,000 would fail to record it, other than to defraud the OPHLs into believing they would be receiving adequate security in the Real Property upon the loan being made to Palm House, LLC.

399. The OPHLs are informed, and have reason to believe, that the Evans Defendants have represented to the Court that KK-PB Financial LLC while under Straub's control knew, understood and agreed that no mortgage could or would be recorded unless a buyer came up with the full funds for purchase of the Palm House Hotel.

400. Straub and KK-PB Financial LLC conspired with and/or enabled the other Bad Actors to fraudulently sell the Palm House investment opportunity to the OPHLs.

401. It was never disclosed to the OPHLs that a prior mortgage in favor of the prior owner/developer existed on the Real Property. On information and belief, KK-PB Financial LLC and Straub never reviewed any EB-5 offering document for the Palm House EB-5 Offering during the seven months the Mortgage was not recorded.

402. It was never disclosed to the OPHLs that Straub and KK-PB Financial LLC had waived due diligence in their consummation of the sale at issue.

403. The Bad Actors represented to the OPHLs that the only loan on the project was a bank loan, which was being used to create jobs and continue the construction. Had due diligence not been waived, this would have been evident to all of those involved in the transaction.

404. Moreover, Straub and KK-PB Financial LLC impermissibly benefitted from their conduct by collecting payments on the Mortgage from the OPHLs' funds. Approximately \$1,000,000 of the EB-5 investors' funds were illegally and fraudulently used to pay Straub and KK-PB Financial LLC on the Mortgage through Craig Galle's law firm.

405. Upon information and belief, Straub and KK-PB Financial LLC received other benefits from the Palm House Enterprise.

406. The OPHLs seek the imposition of a lien on the Real Property or the proceeds derived therefrom by KK-PB Financial LLC and Straub given the likely auction of the property in the bankruptcy proceedings of 160 Royal Palm, prior in interest to the Mortgage.

407. Such a lien on the Real Property or said proceeds in favor of the OPHLs is appropriate to prevent unjust enrichment or other inequities.

WHEREFORE, the OPHLs request that the Court impose an equitable lien in favor of the OPHLs on the real property located at 160 Royal Palm Way, Palm Beach, Florida, upon which the Palm House Hotel is located, that such lien be higher priority than the recorded mortgage held by

KK-PB Financial LLC, and grant such other and further relief which is necessary and just under the circumstances, including but not limited to any proceeds or funds traceable to Straub in connection with this transaction.

**COUNT XVII –
Aiding and Abetting Fraud Against Evans Defendants**

408. The OPHLs adopt and re-allege all allegations set forth as if fully stated herein, and to the extent necessary plead in the alternative.

409. As specifically described above, including in the Indictment, Non-Party Robert Matthews committed a fraud against the OPHLs.

410. As specifically described above, including in the Indictment, Evans Defendants had knowledge that a fraud had been committed upon the OPHLs.

411. As specifically described above, including in the Indictment, Evans Defendants knowingly aided and abetted the commission of the fraud against the OPHLs.

412. As specifically described above, including in the Indictment, Evans Defendants helped transfer, hide and receive the OPHLs' funds.

413. As specifically described above, including in the Indictment, Evans Defendants substantially assisted or encouraged Non-Party Robert Matthews to commit fraud and profited therefrom.

414. The OPHLs were damaged by the actions of Evans Defendants.

WHEREFORE, the OPHLs demand judgment against Evans Defendants, jointly and severally, for damages, punitive damages, costs, interest, prejudgment interest, and such other relief as the Court deems proper.

COUNT XVIII – Aiding and Abetting Conversion Against Evans Defendants

415. The OPHLs adopt and re-allege all allegations set forth as if fully stated herein, and to the extent necessary plead in the alternative.

416. As specifically described above, including in the Indictment, Non-Party Robert Matthews with the assistance of others converted the OPHLs' funds.

417. As specifically described above, including in the Indictment, Evans Defendants had knowledge that Non-Party Robert Matthews had converted the OPHLs' funds.

418. As specifically described above, including in the Indictment, Evans Defendants knowingly aided and abetted Non-Party Robert Matthews' conversion of the OPHLs' funds.

419. As specifically described above, including in the Indictment, Evans Defendants helped Non-Party Robert Matthews transfer, hide and receive the OPHLs' funds.

420. As specifically described above, including in the Indictment, Evans Defendants substantially assisted or encouraged Non-Party Robert Matthews to convert the OPHLs' funds.

421. The OPHLs were damaged by the actions of Evans Defendants.

WHEREFORE, the OPHLs demand judgment against Evans Defendants, jointly and severally, for damages, punitive damages, costs, interest, prejudgment interest, and any other relief as the Court deems proper.

COUNT XIX – Aiding and Abetting Conversion Against Broker-Dealer Defendants

422. The OPHLs adopt and re-allege all allegations set forth as if fully stated herein, and to the extent necessary plead in the alternative.

423. As specifically described above, including in the Indictment, the Broker-Dealer Defendants knowingly aided and abetted Non-Party Robert Matthews' conversion of the OPHLs' funds through their failure to supervise Boden in accordance with FINRA rules and commonly accepted practices in the securities industry.

424. As specifically described above, the Broker-Dealer Defendants substantially assisted or encouraged Boden, through recklessness or inaction, to commit fraud.

425. The OPHLs were damaged by the actions of the Broker-Dealer Defendants.

WHEREFORE, the OPHLs demand judgment against the Broker-Dealer Defendants, jointly and severally, for damages, punitive damages, costs, interest, prejudgment interest, and any other relief as the Court deems proper.

COUNT XX – Breach of Contract Against Broker-Dealer Defendants

426. The OPHLs adopt and re-allege all allegations as set forth as if fully stated herein, and to the extent necessary plead in the alternative.

427. Boden by virtue of his status as a FINRA registrant, contracted with the Broker-Defendants to, among other things, conduct business in a fair and equitable means.

428. Plaintiffs are intended third-party beneficiaries of the contracts between Boden and the Broker-Dealer Defendants, to among other things, supervise his business activity away from them and perform due diligence on the securities he was selling or assisting in selling.

429. The Broker-Dealer Defendants failed to act in accordance with standards in the securities industry and thus breached their contractual obligations to Plaintiffs and others to supervise Boden and perform due diligence on Palm House as they were required to do.

WHEREFORE, the OPHLs demand judgment against the Broker-Dealer Defendants, jointly and severally, for the breach of their agreements with Boden as intended third-party beneficiaries.

**COUNT XXI – Rescission of Illegal Contracts
for Legal Services (Against USREDA and Derrico)**

430. The OPHLs adopt and re-allege all allegations set forth as if fully stated herein, and to the extent necessary plead in the alternative.

431. USREDA under Florida law could not offer legal services to the OPHLs or other EB-5 investors, given the fact that USREDA was not owned by attorneys and maintained no attorney trust account. Further, Derrico was an in-house attorney for USREDA practicing law in Florida in a limited capacity and could not represent the interests of the OPHLs and other EB-5 investors.

432. Notwithstanding the foregoing, USREDA promoted and provided legal services to the OPHLs and other EB-5 investors in the Palm House Enterprise. Those legal services were not only not permitted under Florida law, but ripe with conflicts of interest and self-dealing that rendered them worthless.

WHEREFORE, the OPHLs demand that their contracts for immigration legal services to USREDA be rescinded as a matter of law and their fees paid for them returned immediately. To the extent Derrico received the proceeds of such fees from USREDA or its principals, such funds should be returned immediately.

DEMAND FOR JURY TRIAL

The OPHLs demand a trial by jury on all issues so triable.

Dated this 6th day of November, 2018.

By: /s/ Gavin N.L. White
Gavin N.L. White, Esquire (FBN 537853)
gavin.white@wilsonelser.com
Steven C. Jones, Esquire (FBN 107516)
steven.jones@wilsonelser.com
**WILSON, ELSER, MOSKOWITZ,
EDELMAN & DICKER, LLP**
3800 Miami Tower
100 Southeast Second Street
Miami, Florida 33131
Telephone: 305-374-4400
Facsimile: 305-579-0261
Attorneys for Plaintiffs

EXHIBIT “1”

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UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA

CASE NO.: _____

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

v.

PALM HOUSE HOTEL LLLP,
SOUTH ATLANTIC REGIONAL CENTER, LLC,
JOSEPH J. WALSH, SR., and
ROBERT V. MATTHEWS,

Defendants, and

160 ROYAL PALM, LLC and
UNITED STATES REGIONAL ECONOMIC DEVELOPMENT AUTHORITY LLC
D/B/A/ EB5 PETITION,

Relief Defendants.

COMPLAINT

Plaintiff Securities and Exchange Commission alleges:

1. INTRODUCTION

1. The Commission brings this action against Palm House Hotel LLLP ("PHH"), South Atlantic Regional Center, LLC ("SARC"), Joseph J. Walsh, Sr., and Robert V. Matthews ("Defendants") for violating the antifraud provisions of the federal securities laws.

2. Since 2012, Walsh, his entities, and Matthews defrauded investors participating in the Immigrant Investor Program ("EB-5 Program") administered by the United States Citizenship and Immigration Services ("USCIS"). The EB-5 Program provides foreign nationals the opportunity to qualify for permanent residency in the United States through an investment of

money in projects in the United States which, among other things, create a certain number of jobs.

3. From November 2012 to March 2015, PHH offered and sold at least \$43,991,458 in PHH securities to at least 88 foreign investors through the EB-5 Program. The offering materials provided to investors represented that PHH would loan investor funds to Palm House LLC ("Palm House") to acquire, develop, and operate the Palm House Hotel ("Hotel") located in Palm Beach, Florida. Instead, Walsh and Matthews misappropriated a significant portion of the investor funds. Walsh, PHH, and SARC also made false and materially misleading statements regarding: (1) the use of investor funds; (2) the use of an escrow account to hold investor funds prior to disbursement to Palm House; (3) the existence of conditions precedent to the advancement of loan disbursements to Palm House; (4) the guaranteed return of investors' funds if their I-526 petitions (Immigrant Petition by Alien Entrepreneur) were denied; (5) Walsh and Matthews' backgrounds; (6) the preparation and periodic disclosure to investors of PHH financial reports; (7) Palm House's repayment of the loan in monthly installments; and (8) Palm House's purported ownership of and investment in the Hotel prior to the commencement of the PHH offering. Matthews participated in the scheme and, with the exception of misrepresentations (2), (4) and (6) above, aided and abetted Walsh and his entities in making these material misrepresentations and omissions. To date, the Hotel has not been completed and is subject to a foreclosure suit and receivership.

4. By engaging in this conduct, (a) PHH, SARC, and Walsh violated Section 17(a) of the Securities Act of 1933 ("Securities Act"), 15 U.S.C. § 77q(a), and Section 10(b) of the Securities Exchange Act of 1934 ("Exchange Act"), 15 U.S.C. § 78j(b), and Exchange Act Rule 10b-5, 17 C.F.R. § 240.10b-5; and (b) Matthews violated Sections 17(a)(1) and (a)(3) of the Securities Act, 15 U.S.C. §§ 77q(a)(1) and (a)(3), and Section 10(b) of the Exchange Act, 15

U.S.C. § 78j(b), and Exchange Act Rules 10b-5(a) and (c), 17 C.F.R. §§ 240.10b-5(a) and (c), and aided and abetted PHH, SARC, and Walsh's violations of Section 17(a)(2) of the Securities Act, 15 U.S.C. § 77q(a)(2), and Section 10(b) of the Exchange Act, 15 U.S.C. § 78j(b), and Exchange Act Rule 10b-5(b), 17 C.F.R. § 240.10b-5(b).

5. Unless restrained and enjoined, Defendants are reasonably likely to continue to violate the federal securities laws.

II. DEFENDANTS AND RELIEF DEFENDANTS

A. Defendants

6. **PHH** is a Florida limited liability limited partnership located in Royal Palm Beach, Florida. PHH offered limited partnership interests to investors in \$500,000 increments. Investor funds were to be loaned to Palm House to acquire, develop, and operate the Hotel. SARC is the general partner of PHH. Walsh, through his control of SARC, controlled PHH.

7. **SARC** is a Florida limited liability company located in Royal Palm Beach, Florida. SARC is a USCIS designated Regional Center. From its inception in June 2010 to at least April 2016, Walsh was the manager of SARC. Thereafter, USREDA Holdings LLC, another Walsh managed and controlled company, became the manager of SARC.

8. **Walsh** is a resident of Royal Palm Beach, Florida. During the relevant time, Walsh was the manager of SARC and United States Regional Economic Development Authority LLC d/b/a/ EB5 Petition ("USREDA"), the managing member of USREDA Holdings LLC, and controlled each of these entities and PHH.

9. **Matthews** is a resident of Palm Beach, Florida. Matthews controlled Palm House and 160 Royal Palm, LLC ("160 Royal"), the entity that owns the Hotel, and controlled the day-to-day operations of the Hotel. Matthews also controlled two other entities that he used, respectively, to purchase real estate with misappropriated investor funds and to title and pay for

expenses associated with a 151-foot yacht. In addition, Matthews also directed the transfer of investor funds that, through a series of transactions, were used to purchase his former home in Connecticut out of foreclosure or otherwise benefit the home. In November 2017, Matthews filed for Chapter 11 bankruptcy. In re Matthews, No. 17-23426 (Bankr. S.D. Fla. filed Nov. 6, 2017). In March 2018, a federal grand jury returned an indictment against Matthews, charging him with, among other things, wire and bank fraud in connection with his activities related to PHH and Palm House. United States v. Matthews, No. 3:18-cr-00048-SRU (D. Conn. filed Mar. 14, 2018).

B. Relief Defendants

10. **160 Royal** is a Florida limited liability company located in Palm Beach, Florida. 160 Royal owns the Hotel. A real estate developer ("Developer") owned 100% of the membership interest in 160 Royal until August 30, 2013, when he assigned his interest to Palm House in exchange for 160 Royal granting Developer a \$27,468,750 mortgage on the Hotel. Subsequent to this transaction, Matthews controlled 160 Royal through his control of Palm House. 160 Royal received investor funds, some of which were misappropriated by Matthews.

11. **USREDA** is a Delaware limited liability company located in Royal Palm Beach, Florida. Walsh controlled and was the manager of USREDA from its inception in August 2012 until April 2016, when USREDA Holdings LLC became the manager of USREDA. USREDA handles business activities and USCIS petition work for PHH and other SARC-associated offerings. USREDA received investor funds which were fraudulently obtained by Walsh and his entities.

III. JURISDICTION AND VENUE

12. This Court has jurisdiction over this action pursuant to Sections 20(b), 20(d)(1), and 22(a) of the Securities Act, 15 U.S.C. §§ 77t(b), 77t(d)(1), and 77v(a); and Sections 21(d)(1) and 27(a) of the Exchange Act, 15 U.S.C. §§ 78u(d)(1) and 78aa(a).

13. The court has personal jurisdiction over Defendants and Relief Defendants and venue is proper in the Southern District of Florida because Defendants and Relief Defendants reside or transact business in this district and/or participated in the offer or sale of securities in this District, and many of the acts and transactions constituting violations of the Securities Act and the Exchange Act alleged in this Complaint occurred in this District. In addition, venue is proper in this District under 28 U.S.C. § 1391 because a substantial part of the events giving rise to the Commission's claims occurred here.

14. In connection with the conduct alleged in this Complaint, Defendants, directly and indirectly, singly or in concert with others, have made use of the means or instrumentalities of interstate commerce, the means or instruments of transportation and communication in interstate commerce, and the mails.

IV. THE EB-5 PROGRAM

15. Congress created the EB-5 Program in 1990 in an effort to boost the United States economy. The EB-5 program provides a prospective immigrant the opportunity to become a permanent resident by investing in the United States.

16. To qualify for an EB-5 visa, a foreign applicant must invest \$500,000 or %1 million (depending on the type of investment) in a commercial enterprise approved by the U.S. Citizenship and immigration Service ("Immigration Service"). Once the foreign applicant has invested, he or she may apply for a conditional green card, which is good for two years. If the investment creates or preserves at least ten jobs during those two years, the foreign applicant

may apply to have the conditions removed from his or her green card. The applicant can then live and work in the United States permanently.

17. A certain number of EB-5 visas are set aside for prospective immigrants who invest through a Regional Center, such as SARC. An applicant only has to invest \$500,000 if he or she invests through a Regional Center, such as SARC.

V. FACTUAL BACKGROUND

A. The Hotel

18. In August 2006, Matthews purchased the Hotel through his ownership of an entity. In 2009, that entity lost the Hotel via foreclosure and Developer acquired it through his ownership of 100% of the membership interest in 160 Royal. On August 30, 2013, Developer assigned his 100% membership interest in 160 Royal to Palm House. Matthews' brother, Gerry Matthews ("G. Matthews") assumed a 99% membership interests in Palm House as nominee for Matthews, who actually controlled Palm House. Another individual, "R.B.," assumed a 1% membership interest in Palm House.

B. PHH's EB-5 Securities Offering

19. From November 2012 until March 2015, PHH raised at least \$43,991,458 in investor funds from at least 88 foreign investors through an EB-5 offering of PHH limited partnership interests. The offering materials provided to investors represented that PHH would loan investor funds to Palm House to acquire, develop, and operate the Hotel.

20. Walsh, PHH, and SARC disseminated at least three versions of PHH's EB-5 offering documents and marketing materials (collectively, "offering materials") to investors over the years. Each version included a private placement memorandum ("PPM"), to which a business plan, loan documents between PHH and Palm House ("loan documents"), a subscription agreement, a limited partnership agreement, and an escrow agreement were attached. PHH

combined these materials into a multi-hundred page investment portfolio. The investment portfolio also contained an "EB-5 Investor Documents & Process Guide," a fee agreement, and a USREDA/SARC Service Agreement. To streamline and expedite the closing of an investment, PHH provided a booklet which contained only the signature pages of the documents necessary for investors to make their investments and file their I-526 petitions with the USCIS.

21. PHH's offering materials also included various versions of a project brochure that was translated into Chinese and Farsi ("brochures") and a document titled "EB5 Petition" that explained the EB-5 process. PHH's offering materials appeared under some combination of PHH, Palm House, SARC, and USREDA's names, and the Hotel and SARC's logos.

22. PHH, through Walsh and others, solicited investors through sales agents. PHH provided the sales agents with an email that included links to its investment portfolio, the brochure, and the "EB5 Petition" document. Each investor or the sales agent for the investor received a copy of the relevant offering documents prior to investing.

23. Walsh and USREDA's in-house counsel each participated in creating PHH's offering materials. The in-house counsel drafted PHH's PPMs, business plans, loan documents and subscription, limited partnership, and escrow agreements with information provided by Walsh and Matthews. Walsh reviewed and approved all of these documents. Walsh also signed some of these documents, including the "EB5 Investor Documents & Process Guide" as president and managing partner of SARC and USREDA, the fee agreement as president of SARC, and at least one version of the USREDA/SARC Service Agreement on behalf of USREDA. Further, Walsh edited, reviewed, and approved various versions of the brochure and "EB5 Petition," and signed a letter included in the EB5 Petition as "C.E.O./President USREDA, Inc."

24. Matthews directly and indirectly provided information to Walsh and the in-house counsel that was included in PHH's PPMs and business plans, and received and reviewed drafts of other documents included in the offering materials provided to investors, including the brochure.

25. As the control person of Palm House, Matthews directed R.B. to sign one version of the loan documents as managing member of Palm House because Matthews did not want to sign them himself.

26. Matthews also met with sales agents, investors, and prospective investors multiple times regarding the Hotel project.

C. Material Misrepresentations and Omissions to PHH Investors

1. Misappropriation of Investor Funds by Walsh, PHH, SARC, and Matthews

27. Between November 2012 and at least December 2014, the offering materials misrepresented that investor funds would be loaned to Palm House to acquire, develop and operate the Hotel. In reality, PHH, SARC, and Walsh misappropriated approximately \$13,578,000 of investor funds. First, Walsh kept at least \$8,078,000 of investor funds earmarked for the Hotel project. Walsh co-mingled these funds with other funds he controlled for his own use and to pay expenses unrelated to the Hotel project. Second, in December 2013, Walsh loaned Matthews at least \$5.5 million of investor funds to save Matthews' personal Palm Beach, Florida mansion from foreclosure. The loan, which was undocumented, was never disclosed to investors. In March 2014, Matthews sent Walsh an email expressing his "gratitude" for Walsh "saving [his] house."

28. Between approximately June 2014 and December 2014, Matthews misappropriated at least \$3.4 million of investor funds to obtain title for and pay expenses

associated with a 151-foot yacht and a piece of property located next to the Hotel. Both were titled in the names of entities owned and controlled by a member of Matthews' family. Matthews' use of investor funds in this manner was neither permitted by the offering materials nor disclosed to investors.

29. Between February 2014 and June 2014, Matthews also directed the transfer of approximately \$4.5 million of investor funds that, through a series of transactions, were used to purchase his former home in Connecticut out of foreclosure and for other related expenses. Matthews then extracted \$1.2 million from the Connecticut home through a business purpose loan secured by the property, from which he and his family received \$825,000.

2. **Misrepresentations Regarding Escrow Requirements and the Return of Investor Funds**

30. Between November 2012 and at least June 2014, PHH's offering materials contained material misrepresentations regarding PHH's use of an escrow account for investor funds. PHH falsely and fraudulently claimed that investor funds would be held in an escrow account at PNC Bank, pursuant to an escrow agreement between PHH, SARC, and PNC Bank, through at least the filing of the investor's I-526 petition. Contrary to these representations, no escrow account even existed for investor funds. Prior to the PHH offering, the former CFO for SARC and USREDA informed Walsh that the account receiving investor funds would not even be administered by PNC Bank.

31. PHH's offering materials also contained material misrepresentations regarding the return of funds paid by investors. PHH's PPMs falsely and fraudulently stated that if an investor's I-526 petition were denied by the USCIS for reasons "within the control" of PHH, the investor's funds would be returned without deduction. The offering materials and SARC's own website also falsely, fraudulently, and repeatedly stated that investors' funds would be returned if

their I-526 petitions were denied generally or without “cure.” For example, the brochures stated that “[USREDA] and South Atlantic Regional Center offers a 100% Full Refund of all fees and investment if your I-526 is not approved.” Some of these documents and SARC’s website falsely and fraudulently referred to the promise of a return of the funds as a money back “guarantee.”

32. PHH, SARC, and Walsh knew or recklessly disregarded that USREDA and SARC would not be able to repay investors whose petitions were denied because they misappropriated for their own use millions of dollars of investor funds, and never escrowed investor funds prior to their release to Palm House. To date, the USCIS has denied all of the investor I-526 petitions except one, for which it has issued a Notice of Intent to Deny. The USCIS denied the I-526 petitions because, among other reasons, investors failed to demonstrate that the Hotel project would create sufficient jobs given the uncertainty of the project’s future. PHH never returned any money to investors.

3. **Misrepresentations and Omissions Regarding Walsh and Matthews’ Backgrounds**

33. PHH’s PPMs and business plans contained misrepresentations and omissions regarding the backgrounds of Walsh and Matthews, who are both described in a section on “Management.” The description of Walsh’s background, which he drafted, stated that he “has extensive experience in merger and acquisition strategy and law” and experience with “the intricacies of U.S. Securities and Exchange laws.” Walsh did not have any such merger and acquisition or securities law experience.

34. Matthews was described as the chairman of Matthews Ventures Holdings, LLC (“MVH”), a diversified holding company with interests in, among other things, real estate, hotels, and construction. However, PHH’s PPMs and business plans materially omitted that in

2009, one of Matthews' companies, PB Realty Holdings LLC, was placed into involuntary bankruptcy with subcontractors obtaining approximately \$2 million in judgments against Matthews, and that Matthews had lost to foreclosure both his own home, as well as the very Hotel in which investors were purportedly investing. Matthews provided his biography to the in-house counsel for inclusion in the PPMs.

35. The offering materials also included a section on G. Matthews but did not disclose that he was a nominee for Matthews in the ownership of the Hotel because of Matthews' financial problems, a material omission. Walsh knew G. Matthews was a nominee for Matthews because of Matthews' financial problems.

4. Other Misrepresentations to PHH investors

36. PHH's offering materials also materially misrepresented the conditions under which investor funds would be loaned to Palm House. In particular, the PPMs stated, "it shall be a condition of each advance that as of such time there shall not have been a material adverse change in the operations, assets or financial condition of the [b]orrower and its subsidiaries, taken as a whole." The loan documents made similar representations and stated that the determination as to material adverse changes would be made by PHH. Walsh and PHH—which loaned at least \$30,413,462 of investor funds to Palm House—never ascertained whether Palm House met these pre-conditions for any loan advance.

37. Matthews' misappropriation of approximately \$7.9 million dollars of investor funds represented material and adverse changes in the operations, assets, and financial condition of Palm House, 160 Royal, and the Hotel, all of which he controlled. Despite being granted the authority by the loan documents to access Palm House's financial statements and the right to inspect its books and records, PHH never exercised this authority.

38. The offering materials also materially misrepresented that PHH would provide audited financial statements or other financial information to investors on an annual or quarterly basis. PHH never prepared audited financial statements and did not provide audited statements, or any other financial reports, to investors.

39. The offering materials also misrepresented that Palm House would make monthly interest payments to PHH on its loan for five years. Palm House did not make any monthly interest payments to PHH.

40. In order to bolster investor confidence in PHH's securities offering, PHH's business plans and brochures also made materially misleading statements suggesting that Palm House had substantial funds at stake in the Hotel, and that investor funds were only part of an already well-financed development project. Based on information provided in part by Matthews, PHH's business plans falsely and fraudulently represented that Palm House had \$22 million in equity in the Hotel, and the brochures fraudulently stated the project was "very safe" based in part on a substantial equity investment from Palm House. In reality, Palm House acquired the Hotel on August 30, 2013 through a \$27,468,750 mortgage on the Hotel, with no pre-existing equity in the Hotel.

D. Relief Defendants

41. Matthews controlled 160 Royal and its bank accounts through his control of Palm House. During the course of the fraudulent scheme, PHH, Walsh, and SARC advanced millions of dollars of investor funds to 160 Royal. During this same time period, Matthews diverted millions of dollars of investor funds from 160 Royal to other accounts he controlled.

42. Walsh controlled and was the manager of USREDA, which handled business activities and USCIS petition work for PHH and other SARC-associated offerings. USREDA

received millions of dollars of investor funds which were fraudulently obtained by Walsh and his entities.

VI. CLAIMS FOR RELIEF

Count I

Violations of Section 17(a)(1) of the Securities Act
(Against PHH, SARC, Walsh, and Matthews)

43. The Commission repeats and realleges paragraphs 1 through 42 of this Complaint.

44. From no later than November 2012 through March 2015, PHH, SARC, Walsh, and Matthews, in the offer or sale of securities by use of any means or instruments of transportation or communication in interstate commerce or by use of the mails, directly or indirectly, knowingly or recklessly employed any device, scheme or artifice to defraud.

45. By reason of the foregoing, PHH, SARC, Walsh, and Matthews violated and, unless enjoined, are reasonably likely to continue to violate Section 17(a)(1) of the Securities Act, 15 U.S.C. § 77q(a)(1).

Count II

Violations of Section 17(a)(2) of the Securities Act
(Against PHH, SARC, and Walsh)

46. The Commission repeats and realleges paragraphs 1 through 42 of this Complaint.

47. From no later than November 2012 through March 2015, PHH, SARC, and Walsh, in the offer or sale of securities by use of any means or instruments of transportation or communication in interstate commerce or by use of the mails, directly or indirectly, negligently obtained money or property by means of untrue statements of material facts and omissions to state material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading.

48. By reason of the foregoing, PHH, SARC, and Walsh violated and, unless enjoined, are reasonably likely to continue to violate Section 17(a)(2) of the Securities Act, 15 U.S.C. § 77q(a)(2).

Count III
Violations of Section 17(a)(3) of the Securities Act
(Against PHH, SARC, Walsh, and Matthews)

49. The Commission repeats and realleges paragraphs 1 through 42 of this Complaint.

50. From no later than November 2012 through March 2015, PHH, SARC, Walsh, and Matthews, in the offer or sale of securities by use of any means or instruments of transportation or communication in interstate commerce or by use of the mails, directly or indirectly, negligently engaged in transactions, practices, or courses of business which operated or would have operated as a fraud or deceit.

51. By reason of the foregoing, PHH, SARC, Walsh, and Matthews violated and, unless enjoined, are reasonably likely to continue to violate Section 17(a)(3) of the Securities Act, 15 U.S.C. § 77q(a)(3).

Count IV
Violations of Section 10(b) and Rule 10b-5(a) of the Exchange Act
(Against PHH, SARC, Walsh, and Matthews)

52. The Commission repeats and realleges paragraphs 1 through 42 of this Complaint.

53. From no later than November 2012 through March 2015, PHH, SARC, Walsh, and Matthews, directly and indirectly, by use of any means or instrumentality of interstate commerce, or of the mails, knowingly or recklessly employed any device, scheme or artifice to defraud in connection with the purchase or sale of any security.

54. By reason of the foregoing, PHH, SARC, Walsh, and Matthews violated and, unless enjoined, are reasonably likely to continue to violate Section 10(b) of the Exchange Act, 15 U.S.C. § 78j(b), and Exchange Act Rule 10b-5(a), 17 C.F.R. § 240.10b-5(a).

Count V
Violations of Section 10(b) and Rule 10b-5(b) of the Exchange Act
(Against PHH, SARC, and Walsh)

55. The Commission repeats and realleges paragraphs 1 through 42 of this Complaint.

56. From no later than November 2012 through March 2015, PHH, SARC, and Walsh, directly and indirectly, by use of any means or instrumentality of interstate commerce, or of the mails, knowingly or recklessly made untrue statements of material facts or omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading in connection with the purchase or sale of any security.

57. By reason of the foregoing, PHH, SARC, and Walsh violated and, unless enjoined, are reasonably likely to continue to violate Section 10(b) of the Exchange Act, 15 U.S.C. § 78j(b), and Exchange Act Rule 10b-5(b), 17 C.F.R. § 240.10b-5(b).

Count VI
Violations of Section 10(b) and Rule 10b-5(c) of the Exchange Act
(Against PHH, SARC, Walsh, and Matthews)

58. The Commission repeats and realleges paragraphs 1 through 42 of this Complaint.

59. From no later than November 2012 through March 2015, PHH, SARC, Walsh, and Matthews, directly and indirectly, by use of any means or instrumentality of interstate commerce, or of the mails, in connection with the purchase or sale of any security, knowingly or recklessly engaged in acts, practices, and courses of business which operated or would have operated as a fraud or deceit upon any person.

60. By reason of the foregoing, PHH, SARC, Walsh, and Matthews violated and, unless enjoined, are reasonably likely to continue to violate Section 10(b) of the Exchange Act, 15 U.S.C. § 78j(b), and Exchange Act Rule 10b-5(c), 17 C.F.R. § 240.10b-5(c).

Count VII
Aiding and Abetting Violations of Section 17(a)(2) of the Securities Act
(Against Matthews)

61. The Commission repeats and realleges paragraphs 1 through 42 of this Complaint.

62. From no later than November 2012 through March 2015, PHH, SARC, and Walsh, in the offer or sale of securities by use of any means or instruments of transportation or communication in interstate commerce or by use of the mails, directly or indirectly, negligently obtained money or property by means of untrue statements of material facts and omissions to state material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading, and by reason of the foregoing violated Section 17(a)(2) of the Securities Act, 15 U.S.C. § 77q(a)(2).

63. From no later than November 2012 through August 2014, Matthews knowingly or recklessly provided substantial assistance to PHH, SARC, and Walsh's violations of Section 17(a)(2) of the Securities Act, 15 U.S.C. § 77q(a)(2), and is in violation of this provision to the same extent as PHH, SARC, and Walsh.

64. By reason of the foregoing, Matthews aided and abetted, and unless enjoined, is reasonably likely to continue to aid and abet violations of Section 17(a)(2) of the Securities Act, 15 U.S.C. § 77q(a)(2).

Count VIII
Aiding and Abetting Violations of Section 10(b) and Rule 10b-5(b) of the Exchange Act
(Against Matthews)

65. The Commission repeats and realleges paragraphs 1 through 42 of this Complaint.

66. From no later than November 2012 through March 2015, PHH, SARC, and Walsh, directly and indirectly, by use of any means or instrumentality of interstate commerce, or of the mails, knowingly or recklessly made untrue statements of material facts or omitted to state material facts necessary in order to make the statements made, in light of the circumstances

under which they were made, not misleading in connection with the purchase or sale of any security, and by reason of the foregoing violated Section 10(b) of the Exchange Act, 15 U.S.C. § 78j(b), and Exchange Act Rule 10b-5(b), 17 C.F.R. § 240.10b-5(b).

67. From no later than November 2012 through August 2014, Matthews knowingly or recklessly provided substantial assistance to PHH, SARC, and Walsh's violations of Section 10(b) of the Exchange Act, 15 U.S.C. § 78j(b), and Exchange Act Rule 10b-5(b), 17 C.F.R. § 240.10b-5(b), and is in violation of these provisions to the same extent as PHH, SARC, and Walsh.

68. By reason of the foregoing, Matthews aided and abetted, and unless enjoined, is reasonably likely to continue to aid and abet violations of Section 10(b) of the Exchange Act, 15 U.S.C. § 78j(b), and Exchange Act Rule 10b-5(b), 17 C.F.R. § 240.10b-5(b).

VII. RELIEF REQUESTED

WHEREFORE, the Commission respectfully requests the Court find the Defendants committed the violations alleged, and:

A. Permanent Injunctive Relief

Issue a Permanent Injunction restraining and enjoining Defendants, their officers, agents, servants, employees, attorneys, and all persons in active concert or participation with them, and each of them from violating the federal securities laws alleged in this Complaint.

B. Disgorgement

Issue an Order directing Defendants and Relief Defendants to disgorge all ill-gotten gains, including prejudgment interest, resulting from the acts or courses of conduct alleged in this Complaint.

C. Civil Penalty

Issue an Order directing Defendants to pay civil money penalties pursuant to Section 20(d) of the Securities Act, 15 U.S.C. § 77t(d), and Section 21(d) of the Exchange Act, 15 U.S.C. § 78u(d).

D. Further Relief

Grant such other and further relief as may be necessary and appropriate.

VIII. RETENTION OF JURISDICTION

The Commission respectfully requests that the Court retain jurisdiction over this action and over Defendants and Relief Defendants in order to implement and carry out the terms of all orders and decrees that it may enter, or to entertain any suitable petition or motion by the Commission for additional relief within the jurisdiction of this Court.

IX. DEMAND FOR JURY TRIAL

Pursuant to Rule 38 of the Federal Rules of Civil Procedure, Plaintiff demands trial by jury in this action of all issues so triable.

Dated: August 3, 2018

Respectfully submitted,

By:

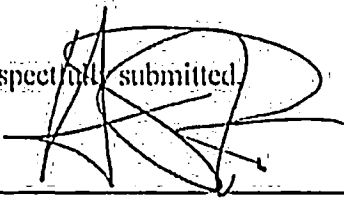

Alejandro O. Soto
Senior Trial Counsel
Florida Bar No. 172847
Direct Dial: (305) 982-6313
Email: sotoal@sec.gov
Lead Attorney for Plaintiff
**SECURITIES AND EXCHANGE
COMMISSION**
801 Brickell Avenue, Suite 1800
Miami, Florida 33131
Telephone: (305) 982-6300
Facsimile: (305) 536-4154

EXHIBIT “2”

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Investment Banker with substantial global experience in raising capital for small to mid sized public and private companies, real estate projects and alternative investments. I focus on transactions ranging as small as \$2 to \$10 Million USD upwards to \$50 to \$100 Million USD. I have a retail distribution platform for the capital raising process for the smaller transactions, and rely upon the traditional institutional marketplace in the US, Europe and Asia for larger capital raises. Interested in reviewing capital raising opportunities in most sectors and in most geographical locations.

Specialties: valuation analysis, deal structuring, institutional sales, retail sales, corporate advisory services, stock option analysis, managed money services.

Show less

Highlights

41 Mutual Connections

You and Craig both know Nikos Theodoulou, Jim Flynn, and 39 others

1 Mutual Group

You and Craig are both in Private Equity Investment Group | PrivateEquity.com

Experience

President

Yallingup Partners

Jul 2012 – Present • 6 yrs 4 mos

Hong Kong

Yallingup Partners is a consulting firm focused on advising companies of all stages. Services are wide ranging: business planning, financial modeling, business development consulting, and capital raising.

Managing Partner

USREDA Capital

May 2013 – Mar 2016 • 2 yrs 11 mos

Hong Kong, New York, Florida

USREDA Capital is an integrated investment banking and investment immigration platform based in Asia and the United States. USREDA Capital was formed to leverage both banking and immigration relationships around the globe.

Promoted



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Consultant at Amenity & Recreation Technology Ltd



Gilbert Loke • 2nd

Family Care Strategies + Wealth Creation + Wealth Management + Asset Management & Protection



Tai Vo Van • 2nd

Chairman & CEO TV Investment LI



Timothy K. Rock • 2nd

Managing Director, 168 Capital, In



Eric M...

Peachtree



Jack Honour • 2nd

CEO/President StereoVision OTC:S



Ronen Luzon • 2nd

Founder & CEO of My Size Inc. (NASDAQ: MYSZ, TASE: MYSZ) Cu Edge Measurement Tech - appare e-commerce, DIY etc.



Robert Shaw • 2nd

Co -Founder and Chairman at Fun Authority

Messaging

John Shore • 3rd

VP, Business Development and He

Information Exchange at Ph

Network Advantage

Connections to Craig

Margo Mitchell • 3rd

Michael Brogden, Manager a

Health



Scott Fuller

Learn the skills Craig hased



Personal Finance ps

Weekly

Viewers: 14,309



Managing in Diff

Viewers: 6,921

Robbi Schwertner Crypto

The investment immigration focus is primarily on the United States' EB5 Program, as well as many other smaller immigration programs including the Caribbean country of Grenada. I am currently based in Hong Kong and frequently travel into mainland China meeting with hundreds of Chinese individuals and families who wish to immigrate to the United States and elsewhere.

The investment banking platform has been established to leverage the many immigration relationships which have been established over the past 8 years. USREDA Capital is approved by FINRA to execute a wide range of investment banking and wealth management functions, including: Private Placements, Capital Introduction, Brokerage, Registered Investment Advisory and Research.

USREDA Capital is truly a global platform. We are in the market for capital raising opportunities both on the EB5/immigration side, as well as the traditional investment banking/private placement side. We are also looking for accredited investors and institutional investors to share our opportunities with. See less

Managing Partner

Nambour Partners

Jan 2013 – Feb 2016 • 3 yrs 2 mos

Hong Kong

Nambour Partners is a private fund focused on direct equity investing in global, publicly traded equities. Our geographic focus is skewed towards non-US transactions, with Hong Kong, Australia, Singapore, United Kingdom, Turkey, Brazil, Israel and Italy being of particular interest. For US-listed companies, we will consider Secondaries, Registered Directs, S-1/S-3 Financings and convertible debt offerings.

Head of Investment Banking

InterMerchant Securities LLC

Nov 2009 – Jul 2011 • 1 yr 9 mos

InterMerchant Securities is a broker dealer in midtown Manhattan. My focus is raising money for small to mid sized private and public companies.

Senior Vice President

Laidlaw & Company

Jul 2004 – Nov 2009 • 5 yrs 5 mos

Show 1 more experience

Education



Villanova University

Bachelor of Science (B.S.), Economics

1992 – 1996

Skills & Endorsements

Investments • 87



Endorsed by Julius Csurgó and 13 others who are highly skilled at this

Endorsed by 4 of Craig's colleagues at InterMerchant Securities, LLC

Investment Banking • 71



Endorsed by Julius Csurgó and 3 others who are highly skilled at this

Endorsed by 3 of Craig's colleagues at InterMerchant Securities, LLC

Valuation • 55

Endorsed by 2 of Craig's colleagues at InterMerchant Securities, LLC

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Recommendations



Investment Evaluation

Viewers: 8,124

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Alternative Invest. Event

First 100 Pension Funds Compliment - Dec. 5-7, 2018 - Dana Point, CA

Messaging

Search

Connections to Craig

Michael Broadbent

EB-5 Capital Partner and EB-5 Pro...

Scott Fuller

CEO EB-5 & Capital United

View all

Recent

Monique Frederick, CFA, FR...

You Congrats on the promotion!

Robby Schweitzer (Crypto...

Received (3) Given (5)

John
Klenn
or**John Klenner**Partner - Assurance Services
at Marcum LLPDecember 14, 2009, John worked
with Craig but at different
companies

I have worked with Craig on several projects. On each project Craig played an integral role in achieving the desired result. His dedication, diligence, attention to detail and focus are second to none. I am happy to refer any of my clients or contacts seeking the vision of a strong investment banker to Craig.

Doug
Beck,
CPA**Doug Beck, CPA**CFO /Public or Private
companies/ SEC / SOX /
M&A looking to help
companies achieve their
short and long-term goals.December 11, 2009, Doug was a
client of Craig's

I was the CFO for Lev Pharmaceuticals, Inc. Craig and his team was the first group that help Lev Pharmaceuticals, Inc. to fund its Orphan drug that eventual lead to a FDA approval. Throughout the fudging process, Craig was responsive and getting all the required information to our attorney. Craig informed his Laidlaw's clients who had an investment in Lev as to the progress of the clinical trials and ongoing operations after conference calls. When Lev was being sold, Craig was the point person to handle administrative and complex issues that arose. He provided Laidlaw's clients superior services and made Lev's closing process much easier

Show more ▾

Messaging



Search

Connections to Craig

Michael Broadbent

EB-S Capital Partner and EB S Pro...

Scott Fuller

CEO - EBSU & Capital United

View all ▾

Recent

Monique Frederick, CFA, FR...

You Congrats on the promotion!

Robby Schwertner (Crypto...



EXHIBIT “3”

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BrokerCheck Report
CRAIG COURTLAND BODEN
CRD# 2944858

<u>Section Title</u>	<u>Page(s)</u>
Report Summary	1
Broker Qualifications	2 - 3
Registration and Employment History	4

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About BrokerCheck®

BrokerCheck offers information on all current, and many former, registered securities brokers, and all current and former registered securities firms. FINRA strongly encourages investors to use BrokerCheck to check the background of securities brokers and brokerage firms before deciding to conduct, or continue to conduct, business with them.

What is included in a BrokerCheck report?

- BrokerCheck reports for individual brokers include information such as employment history, professional qualifications, disciplinary actions, criminal convictions, civil judgments and arbitration awards. BrokerCheck reports for brokerage firms include information on a firm's profile, history, and operations, as well as many of the same disclosure events mentioned above.

Please note that the information contained in a BrokerCheck report may include pending actions or allegations that may be contested, unresolved or unproven. In the end, these actions or allegations may be resolved in favor of the broker or brokerage firm, or concluded through a negotiated settlement with no admission or finding of wrongdoing.

Where did this information come from?

- The information contained in BrokerCheck comes from FINRA's Central Registration Depository, or CRD® and is a combination of:
 - information FINRA and/or the Securities and Exchange Commission (SEC) require brokers and brokerage firms to submit as part of the registration and licensing process, and
 - information that regulators report regarding disciplinary actions or allegations against firms or brokers.

How current is this information?

- Generally, active brokerage firms and brokers are required to update their professional and disciplinary information in CRD within 30 days. Under most circumstances, information reported by brokerage firms, brokers and regulators is available in BrokerCheck the next business day.

What if I want to check the background of an investment adviser firm or investment adviser representative?

- To check the background of an investment adviser firm or representative, you can search for the firm or individual in BrokerCheck. If your search is successful, click on the link provided to view the available licensing and registration information in the SEC's Investment Adviser Public Disclosure (IAPD) website at <https://www.adviserinfo.sec.gov>. In the alternative, you may search the IAPD website directly or contact your state securities regulator at <http://www.finra.org/investors/ToolsCalculators/BrokerCheck/P455414>.

Are there other resources I can use to check the background of investment professionals?

- FINRA recommends that you learn as much as possible about an investment professional before deciding to work with them. Your state securities regulator can help you research brokers and investment adviser representatives doing business in your state.

Thank you for using FINRA BrokerCheck.



Using this site/information means that you accept the FINRA BrokerCheck Terms and Conditions. A complete list of Terms and Conditions can be found at

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For additional information about the contents of this report, please refer to the User Guidance or www.finra.org/brokercheck. It provides a glossary of terms and a list of frequently asked questions, as well as additional resources. For more information about FINRA, visit www.finra.org.

CRAIG C. BODEN
CRD# 2944858



Report Summary for this Broker

This broker is not currently registered.

This report summary provides an overview of the broker's professional background and conduct. Additional information can be found in the detailed report.

Broker Qualifications

This broker is not currently registered.

This broker has passed:

- 1 Principal/Supervisory Exam
- 2 General Industry/Product Exams
- 1 State Securities Law Exam

Registration History

This broker was previously registered with the following securities firm(s):

THIRD SEVEN CAPITAL LLC
CRD# 160209
BOYNTON BEACH, FL
11/2013 - 03/2017

SILVER LEAF PARTNERS, LLC
CRD# 126694
NEW YORK, NY
05/2013 - 11/2013

INTERMERCHANT SECURITIES LLC
CRD# 142734
NEW YORK, NY
12/2009 - 07/2011

Disclosure Events

All individuals registered to sell securities or provide investment advice are required to disclose customer complaints and arbitrations, regulatory actions, employment terminations, bankruptcy filings, and criminal or civil judicial proceedings.

Are there events disclosed about this broker? **No**



Broker Qualifications

Registrations

This section provides the self-regulatory organizations (SROs) and U.S. states/territories the broker is currently registered and licensed with, the category of each license, and the date on which it became effective. This section also provides, for every brokerage firm with which the broker is currently employed, the address of each branch where the broker works.

This broker is not currently registered.

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Broker Qualifications

Industry Exams this Broker has Passed

This section includes all securities-industry exams that the broker has passed. Under limited circumstances, a broker may attain a registration after receiving an exam waiver based on exams the broker has passed and/or qualifying work experience. Any exam waivers that the broker has received are not included below.

This individual has passed 1 principal/supervisory exam, 2 general industry/product exams, and 1 state securities law exam.

Principal/Supervisory Exams

Exam	Category	Date
General Securities Principal Examination	Series 24	12/14/2010

General Industry/Product Exams

Exam	Category	Date
Securities Industry Essentials Examination	SIE	03/27/2017
General Securities Representative Examination	Series 7	12/12/1997

State Securities Law Exams

Exam	Category	Date
Uniform Securities Agent State Law Examination	Series 63	03/05/1998

Additional information about the above exams or other exams FINRA administers to brokers and other securities professionals can be found at www.finra.org/brokerqualifications/registeredrep/.



Registration and Employment History

Registration History

The broker previously was registered with the following firms:

Registration Dates	Firm Name	CRD#	Branch Location
11/2013 - 03/2017	THIRD SEVEN CAPITAL LLC	160209	BOYNTON BEACH, FL
05/2013 - 11/2013	SILVER LEAF PARTNERS, LLC	126694	NEW YORK, NY
12/2009 - 07/2011	INTERMERCHANT SECURITIES LLC	142734	NEW YORK, NY
06/2004 - 12/2009	LAIDLAW & COMPANY (UK) LTD.	119037	NEW YORK, NY
06/2004 - 10/2004	SANDS BROTHERS & CO., LTD.	26816	NEW YORK, NY
12/1997 - 06/2004	CITIGROUP GLOBAL MARKETS INC.	7059	NEW YORK, NY

Employment History

This section provides up to 10 years of an individual broker's employment history as reported by the individual broker on the most recently filed Form U4.

Please note that the broker is required to provide this information only while registered with FINRA or a national securities exchange and the information is not updated via Form U4 after the broker ceases to be registered. Therefore, an employment end date of "Present" may not reflect the broker's current employment status.

Employment Dates	Employer Name	Employer Location
02/2013 - Present	SILVER LEAF PARTNERS LLC	NEW YORK, NY
07/2011 - Present	NAMBOUR PARTNERS LLC	DELRAY BEACH, FL
12/2009 - 07/2011	INTERMERCHANT SECURITIES LLC	NEW YORK, NY
10/2004 - 12/2009	LAIDLAW & CO UK LTD	NEW YORK, NY

Other Business Activities

This section includes information, if any, as provided by the broker regarding other business activities the broker is currently engaged in either as a proprietor, partner, officer, director, employee, trustee, agent or otherwise. This section does not include non-investment related activity that is exclusively charitable, civic, religious or fraternal and is recognized as tax exempt.

MR. BODEN IS THE PRESIDENT OF NAMBOUR PARTNERS, LLC, A PROVIDER OF INVESTMENT ADVISORY SERVICES. THE MAJORITY OF HIS TIME IS DEVOTED TO THE BUSINESS OF NAMBOUR PARTNERS.

End of Report



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EXHIBIT “4”

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UNITED STATES DISTRICT COURT
DISTRICT OF CONNECTICUT

UNITED STATES OF AMERICA

CRIMINAL NO. 3:18-CR-43(VAB)

v.

VIOLATION:
18 U.S.C. § 1349 (Conspiracy)

GERRY MATTHEWS

INFORMATION

The United States Attorney charges:

COUNT ONE
(Conspiracy to Commit Wire Fraud)

At all times relevant to this Information:

The Defendant

1. Defendant GERRY MATTHEWS ("G. MATTHEWS") was a resident of Connecticut.

2. G. MATTHEWS owned and operated a commercial real estate brokerage firm in Connecticut known as Matthews Commercial Properties, LLC ("MCP"). G. MATTHEWS maintained a savings account for MCP at Webster Bank in Connecticut (the "MCP savings account").

EB-5 Funding

3. The EB-5 visa program ("EB-5 program") was a federal program by which foreign nationals and their families were eligible to apply for lawful permanent resident status (commonly known as a "green card") if they invested in a development project in the United States.

4. The particulars of the EB-5 program varied by project and location, but relevant to this Information, an investor was entitled to apply for a green card if, among other requirements, (1) the investor made a \$500,000 investment in a development project in the United States and (2) that project ultimately employed ten or more individuals.

5. Various entities in the United States acted as middlemen between potential foreign investors and investment projects. South Atlantic Regional Center, LLC ("SARC") was one such entity based in Palm Beach, Florida.

6. SARC's primary function was to advertise EB-5 projects to foreign investors, collect funds from foreign investors that were earmarked for certain development projects, and make that funding available to the respective development project.

The Palm House Hotel

7. The Palm House Hotel ("PHH") was located at 160 Royal Palm Way, Palm Beach, Florida.

8. The PHH was one development project advertised by SARC to EB-5 investors in or around 2012 through in or around 2014.

9. "Developer-1," whose identity is known to the United States Attorney, was the developer in charge of the PHH development project.

10. Developer-1 had a lengthy history with the PHH. He originally purchased the property in August 2006. Developer-1 lost the PHH in foreclosure in 2009. In August 2013, Developer-1 reacquired control of the PHH through an entity called Palm House, LLC. G. MATTHEWS, however, was listed as owning 99% of Palm House, LLC. Another individual,

who is known to the United States Attorney and referred to herein as "Minority Owner-1," had secured additional financing for Developer-1 and owned the remaining 1%.

The Conspiracy

11. Beginning in or about 2012 and continuing through in or about January 2018, in the District of Connecticut and elsewhere, Developer-1, together with others known and unknown to the United States Attorney, did willfully and knowingly combine, conspire, confederate, and agree together and with each other, to commit offenses against the United States, that is, to devise and participate in a scheme and artifice to defraud and to obtain money and property by means of materially false and fraudulent pretenses, representations, and promises, and for the purpose of executing and attempting to execute the scheme and artifice to knowingly transmit, and cause to be transmitted, by means of wire communication in interstate and foreign commerce, certain writings, signs, signals and sounds, in violation of Title 18, United States Code, Section 1343.

12. The purpose of the conspiracy was for Developer-1, and others known and unknown to the United States Attorney, to obtain money, funds, and assets and to enrich themselves and their companies by defrauding the EB-5 investors, SARC, and others out of money and property owned by and under the control of the EB-5 investors, SARC, and others by means of materially false and fraudulent pretenses, representations, and promises made to EB-5 investors, SARC, and others.

13. G. MATTHEWS knowingly joined the conspiracy described in paragraphs 11 and 12 at least by in or about October 2014.

The Manner and Means of the Conspiracy

The manner and means by which G. MATTHEWS, Developer-1, their co-conspirators, their agents, and others known and unknown to the United States Attorney sought to accomplish and did accomplish the objects of the conspiracy included, among others, the following:

14. Developer-1, his co-conspirators, agents, and others made several material misrepresentations to SARC, prospective EB-5 investors, and/or Minority Owner-1, including that (i) the proceeds of the loan from EB-5 investors would be used to develop the PHH; (ii) certain well-known individuals would be on the PHH advisory board and certain well-known entertainers, businesspeople, and politicians “will be a part of the club”; and (iii) G. MATTHEWS was a member of the Palm House, LLC management team and was the 99% owner of the Palm House, LLC.

15. Despite those misrepresentations to the contrary, (i) Developer-1, his co-conspirators, agents, and others used EB-5 funding for purposes not related to the PHH project, including for the personal gain of Developer-1 and others; (ii) there was no evidence any of the proffered well-known individuals would be on the PHH advisory board or would be members of the club; and (iii) while G. MATTHEWS was the nominal 99% owner of Palm House, LLC, Developer-1 controlled that company and it belonged to G. MATTHEWS in name only.

16. Developer-1, his co-conspirators, agents, and others wired EB-5 funding from accounts located in Florida to various accounts located in Connecticut, including into G. MATTHEWS’ MCP savings account. For example, on or about February 5, 2014, Developer-1, his co-conspirators, agents, and others wired \$8,592.40 of EB-5 funding from an account in Florida into MATTHEWS’ MCP savings account.

17. G. MATTHEWS applied the money that had been moved into his account to Developer-1 and others' credit card debts, or moved the money into other accounts controlled by Developer-1, his co-conspirators, agents, and others.


18. In or about October 2014, Minority Owner-1 and the general partner of SARC met with G. MATTHEWS and informed him of his 99% ownership of Palm House, LLC, and that Developer-1 had been stealing money from the PHH project.

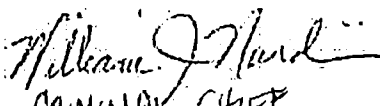
19. Following the October 2014 meeting, G. MATTHEWS furthered the conspiracy by taking certain steps to help Developer-1 maintain control of the PHH and its money, including:


- a. executing a power of attorney on or about October 20, 2014 so that Developer-1 could continue to act in G. MATTHEWS's name in control of Palm House, LLC;
- b. approving a letter sent on or about October 20, 2014 in G. MATTHEWS's name meant to oust Minority Owner-1 from his position in Palm House, LLC; and
- c. sending an email on or about October 21, 2014 to adjust the management structure of Palm House, LLC.

All in violation of Title 18, United States Code, Section 1349.

UNITED STATES OF AMERICA


JOHN H. DURHAM
UNITED STATES ATTORNEY


CRIMINAL CHIEF


JOHN T. PIERPONT, JR.
ASSISTANT U.S. ATTORNEY

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U.S. Department of Justice

*United States Attorney
District of Connecticut*

*Connecticut Financial Center
157 Church Street, 25th Floor
New Haven, Connecticut 06510*

*(203) 821-3700
Fax (203) 773-5376
www.justice.gov/usao/ct*

March 7, 2018

George G. Mowad II, Esq
83 Bank Street
Waterbury, CT 06702

Re: United States v. Gerry Matthews
Case No. 3:18-CR- 43(VNB)

Dear Attorney Mowad:

This letter confirms the plea agreement between your client, Gerry Matthews (the "defendant"), and the United States Attorney's Office for the District of Connecticut (the "Government") concerning the referenced criminal matter.

THE PLEA AND OFFENSE

The defendant agrees to waive his right to be indicted and to plead guilty to a single-count information charging a violation of 18 U.S.C. § 1349.

The defendant understands that, to be guilty of this offense, the following essential elements of the offense must be satisfied:

1. Two or more persons, in some way or manner, agreed to try to accomplish a common and unlawful plan to commit wire fraud as charged in the information; and
2. The defendant knew the unlawful purpose of the plan and willfully joined in it.

March 7, 2018 letter to George G. Mowad II, Esq
Page 2

THE PENALTIES

Imprisonment

This offense carries a maximum penalty of 20 years of imprisonment.

Supervised Release

In addition, the Court may impose a term of supervised release of not more than 3 years to begin after any term of imprisonment. 18 U.S.C. § 3583.

The defendant understands that, should he violate any condition of supervised release, he may be required to serve a further term of imprisonment of up to 2 years per violation pursuant to 18 U.S.C. § 3583 with no credit for time already spent on supervised release.

Fine

This offense carries a maximum fine of \$250,000. The defendant is also subject to the alternative fine provision of 18 U.S.C. § 3571. Under this section, the maximum fine that may be imposed on the defendant is the greatest of the following amounts: (1) twice the gross gain to the defendant resulting from the offense; (2) twice the gross loss resulting from the offense; or (3) \$250,000.

Special Assessment

In addition, the defendant is obligated by 18 U.S.C. § 3013 to pay a special assessment of \$100 on each count of conviction. The defendant agrees to pay the special assessment to the Clerk of the Court on the day the guilty plea is accepted.

Restitution

In addition to the other penalties provided by law, the Court must also order that the defendant make restitution under 18 U.S.C. § 3663A, and the Government reserves its right to seek restitution on behalf of victims consistent with the provisions of § 3663A. The scope and effect of the order of restitution are set forth in the attached Rider Concerning Restitution. Restitution is payable immediately unless otherwise ordered by the Court.

Regardless of the amount of restitution that may be ordered by the Court, the defendant reserves his right to move the Court to apportion restitution among this defendant and other separately charged liable defendants in a manner other than jointly and severally, pursuant to 18 U.S.C. § 3664(h). The Government agrees to respond to any such motion consistent with the facts underlying the conspiracy.

March 7, 2018 letter to George G. Mowad II, Esq
Page 3

Interest, penalties and fines

Unless otherwise ordered, should the Court impose a fine or restitution of more than \$2,500 as part of the sentence, interest will be charged on the unpaid balance of the fine or restitution not paid within 15 days after the judgment date. 18 U.S.C. § 3612(f). Other penalties and fines may be assessed on the unpaid balance of a fine or restitution pursuant to 18 U.S.C. § 3572(h), (i) and § 3612(g).

Forfeiture

The defendant agrees that by virtue of his plea of guilty he waives any rights or cause of action to claim that he is a "substantially prevailing party" for the purpose of recovery of attorney fees and other litigation costs in any related forfeiture proceeding pursuant to 28 U.S.C. § 2465(b)(1).

THE SENTENCING GUIDELINES

Applicability

The defendant understands that the Court is required to consider any applicable Sentencing Guidelines as well as other factors enumerated in 18 U.S.C. § 3553(a) to tailor an appropriate sentence in this case and is not bound by this plea agreement. The defendant agrees that the Sentencing Guideline determinations will be made by the Court, by a preponderance of the evidence, based upon input from the defendant, the Government, and the United States Probation Office. The defendant further understands that he has no right to withdraw his guilty plea if his sentence or the Guideline application is other than he anticipated, including if the sentence is outside any of the ranges set forth in this agreement.

Acceptance of Responsibility

At this time, the Government agrees to recommend that the Court reduce by two levels the defendant's adjusted offense level under § 3E1.1(a) of the Sentencing Guidelines, based on the defendant's prompt recognition and affirmative acceptance of personal responsibility for the offense. Moreover, should the defendant qualify for a decrease under § 3E1.1(a) and his offense level determined prior to the operation of subsection (a) is level 16 or greater, the Government will file a motion with the Court pursuant to § 3E1.1(b) which recommends that the Court reduce the defendant's Adjusted Offense Level by one additional level based on his prompt notification of his intention to enter a plea of guilty. The defendant understands that the Court is not obligated to accept the Government's recommendations on the reductions.

The above-listed recommendations are conditioned upon the defendant's affirmative demonstration of acceptance of responsibility, by (1) truthfully admitting the conduct comprising the offense(s) of conviction and truthfully admitting or not falsely denying any additional relevant conduct for which the defendant is accountable under § 1B1.3 of the Sentencing Guidelines, and (2) truthfully disclosing to the United States Attorney's Office and the United States Probation Office personal information requested, including the submission of a complete

March 7, 2018 letter to George G. Mowad II, Esq
Page 4

and truthful financial statement detailing the defendant's financial condition. The defendant expressly authorizes the United States Attorney's Office to obtain a credit report concerning the defendant.

In addition, the Government expressly reserves the right to seek denial of the adjustment for acceptance of responsibility if the defendant engages in any acts, unknown to the Government at the time of the signing of this agreement, which (1) indicate that the defendant has not terminated or withdrawn from criminal conduct or associations (§ 3E1.1 of the Sentencing Guidelines); (2) could provide a basis for an adjustment for obstructing or impeding the administration of justice (§ 3C1.1 of the Sentencing Guidelines); or (3) constitute a violation of any condition of release. Moreover, the Government reserves the right to seek denial of the adjustment for acceptance of responsibility if the defendant seeks to withdraw his guilty plea or takes a position at sentencing, or otherwise, which, in the Government's assessment, is inconsistent with affirmative acceptance of personal responsibility. The defendant understands that he may not withdraw his plea of guilty if, for the reasons explained above, the Government does not make one or both of the recommendations or seeks denial of the adjustment for acceptance of responsibility.

Waiver of Right to Appeal or Collaterally Attack Conviction and Sentence

The defendant acknowledges that under certain circumstances he is entitled to challenge his conviction and sentence. The defendant agrees not to appeal or collaterally attack his conviction in any proceeding, including but not limited to a motion under 28 U.S.C. § 2255 and/or § 2241. Nor will he pursue such an appeal or collateral attack to challenge the sentence imposed by the Court if that sentence does not exceed 240 months of imprisonment, a 3-year term of supervised release, a \$100 special assessment, a \$250,000 fine, and restitution in any amount ordered by the Court. The Government and the defendant agree that this waiver applies regardless of whether the term of imprisonment is imposed to run consecutively to or concurrently with, in whole or in part, the undischarged portion of any other sentence that has been imposed on the defendant at the time of sentencing in this case. The defendant acknowledges that he is knowingly and intelligently waiving these rights. Furthermore, the parties agree that any challenge to the defendant's sentence that is not foreclosed by this provision will be limited to that portion of the sentence that is inconsistent with (or not addressed by) this waiver. Nothing in the foregoing waiver of appellate and collateral review rights shall preclude the defendant from raising a claim of ineffective assistance of counsel in an appropriate forum.

Information to the Court

The Government reserves its right to address the Court with respect to an appropriate sentence to be imposed in this case. Moreover, the Government will discuss the facts of this case, including information regarding the defendant's background and character, 18 U.S.C. § 3661, with the United States Probation Office and will provide the Probation Officer with access to material in its file, with the exception of grand jury material.

March 7, 2018 letter to George G. Mowad II, Esq
Page 5

WAIVER OF RIGHTS

Waiver of Right to Indictment

The defendant understands that he has the right to have the facts of this case presented to a federal grand jury, consisting of between sixteen and twenty-three citizens, twelve of whom would have to find probable cause to believe that he committed the offense set forth in the information before an indictment could be returned. The defendant acknowledges that he is knowingly and intelligently waiving his right to be indicted.

Waiver of Trial Rights and Consequences of Guilty Plea

The defendant understands that he has the right to be represented by an attorney at every stage of the proceeding and, if necessary, one will be appointed to represent him.

The defendant understands that he has the right to plead not guilty or to persist in that plea if it has already been made, the right to a public trial, the right to be tried by a jury with the assistance of counsel, the right to confront and cross-examine the witnesses against him, the right not to be compelled to incriminate himself, the right to testify and present evidence, and the right to compel the attendance of witnesses to testify in his defense. The defendant understands that by pleading guilty he waives those rights and that, if the plea of guilty is accepted by the Court, there will not be a further trial of any kind.

The defendant understands that, if he pleads guilty, the Court may ask him questions about each offense to which he pleads guilty, and if he answers those questions falsely under oath, on the record, and in the presence of counsel, his answers may later be used against him in a prosecution for perjury or making false statements.

Waiver of Statute of Limitations

The defendant agrees that, should the conviction following defendant's guilty plea be vacated for any reason, then any prosecution that is not time-barred by the applicable statute of limitations on the date of the signing of this plea agreement (including any indictment or counts the Government has agreed to dismiss at sentencing pursuant to this plea agreement) may be commenced or reinstated against the defendant, notwithstanding the expiration of the statute of limitations between the signing of this plea agreement and the commencement or reinstatement of such prosecution. The defendant agrees to waive all defenses based on the statute of limitations with respect to any prosecution that is not time-barred on the date the plea agreement is signed.

ACKNOWLEDGMENT OF GUILT AND VOLUNTARINESS OF PLEA

The defendant acknowledges that he is entering into this agreement and is pleading guilty freely and voluntarily because he is guilty. The defendant further acknowledges that he is entering into this agreement without reliance upon any discussions between the Government and him (other than those described in the plea agreement letter), without promise of benefit of any

March 7, 2018 letter to George G. Mowad II, Esq
Page 6

kind (other than the concessions contained in the plea agreement letter), and without threats, force, intimidation, or coercion of any kind. The defendant further acknowledges his understanding of the nature of the offense to which he is pleading guilty, including the penalties provided by law. The defendant also acknowledges his complete satisfaction with the representation and advice received from his undersigned attorney. The defendant and his undersigned counsel are unaware of any conflict of interest concerning counsel's representation of the defendant in the case.

SCOPE OF THE AGREEMENT

The defendant acknowledges that this agreement is limited to the undersigned parties and cannot bind any other federal authority, or any state or local authority. The defendant acknowledges that no representations have been made to him with respect to any civil or administrative consequences that may result from this plea of guilty because such matters are solely within the province and discretion of the specific administrative or governmental entity involved. Finally, the defendant acknowledges that this agreement has been reached without regard to any civil tax matters that may be pending or which may arise involving him.

COLLATERAL CONSEQUENCES

The defendant understands that he will be adjudicated guilty of each offense to which he has pleaded guilty and will be deprived of certain rights, such as the right to hold public office, to serve on a jury, to possess firearms and ammunition, and in some states, the right to vote. Further, the defendant understands that if he is not a citizen of the United States, a plea of guilty may result in removal from the United States, denial of citizenship, and denial of admission to the United States in the future. The defendant understands that pursuant to section 203(b) of the Justice For All Act, the Federal Bureau of Prisons or the United States Probation Office will collect a DNA sample from the defendant for analysis and indexing. Finally, the defendant understands that the Government reserves the right to notify any state or federal agency by which he is licensed, or with which he does business, as well as any current or future employer of the fact of his conviction.

SATISFACTION OF FEDERAL CRIMINAL LIABILITY; BREACH

The defendant's guilty plea, if accepted by the Court, will satisfy the federal criminal liability of the defendant in the District of Connecticut as a result of his conduct underlying Count One of the Information.

The defendant understands that if, before sentencing, he violates any term or condition of this agreement, engages in any criminal activity, or fails to appear for sentencing, the Government may void all or part of this agreement. If the agreement is voided in whole or in part, defendant will not be permitted to withdraw his guilty plea.

March 7, 2018 letter to George G. Mowad II, Esq
Page 7

NO OTHER PROMISES

The defendant acknowledges that no other promises, agreements, or conditions have been entered into other than those set forth in this plea agreement, and none will be entered into unless set forth in writing, signed by all the parties.


This letter shall be presented to the Court, in open court, and filed in this case.

Very truly yours,

JOHN H. DURHAM
UNITED STATES ATTORNEY

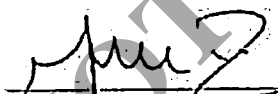

JOHN T. PIERPONT, JR.
ASSISTANT UNITED STATES ATTORNEY

The defendant certifies that he has read this plea agreement letter and its attachment(s) or has had it read or translated to him, that he has had ample time to discuss this agreement and its attachment(s) with counsel and that he fully understands and accepts its terms.


GERRY MATTHEWS
The Defendant

March 07, 2018
Date

I have thoroughly read, reviewed and explained this plea agreement and its attachment(s) to my client who advises me that he understands and accepts its terms.


GEORGE G. MOWAD II, ESQ.
Attorney for the Defendant

3/7/2018
Date

March 7, 2018 letter to George G. Mowad II, Esq
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RIDER CONCERNING RESTITUTION

The Court shall order that the defendant make restitution under 18 U.S.C. § 3663A as follows:

1. If the offense resulted in damage to or loss or destruction of property of a victim of the offense:
 - A. Return the property to the owner of the property or someone designated by the owner; or
 - B. If return of the property is impossible, impracticable, or inadequate, pay an amount equal to:

The greater of -

 - (I) the value of the property on the date of the damage, loss, or destruction; or
 - (II) the value of the property on the date of sentencing, less the value as of the date the property is returned.
2. In the case of an offense resulting in bodily injury to a victim –
 - A. Pay an amount equal to the costs of necessary medical and related professional services and devices related to physical, psychiatric, and psychological care; including non-medical care and treatment rendered in accordance with a method of healing recognized by the law of the place of treatment;
 - B. Pay an amount equal to the cost of necessary physical and occupational therapy and rehabilitation; and
 - C. Reimburse the victim for income lost by such victim as a result of such offense;
3. In the case of an offense resulting in bodily injury that results in the death of the victim, pay an amount equal to the cost of necessary funeral and related services; and
4. In any case, reimburse the victim for lost income and necessary child care, transportation, and other expenses incurred during participation in the investigation or prosecution of the offense or attendance at proceedings related to the offense.

The order of restitution has the effect of a civil judgment against the defendant. In addition to the Court-ordered restitution, the Court may order that the conditions of its order of restitution be made a condition of probation or supervised release. Failure to make restitution as ordered may result in a revocation of probation, 18 U.S.C. § 3565, or a modification of the conditions of supervised release, 18 U.S.C. § 3583(e). Failure to pay restitution may also result in the defendant being held in contempt, or the defendant's re-sentencing to any sentence which might originally have been imposed by the Court. See 18 U.S.C. §§ 3613A, 3614. The Court

March 7, 2018 letter to George G. Mowad II, Esq
Page 9

may also order that the defendant give notice to any victim(s) of his offense under 18 U.S.C. § 3555.

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HONORABLE: Victor A. BoldenDEPUTY CLERK J. PerezRPTR/ECRO/TAPE S. Montini

USPO _____

INTERPRETER _____

TOTAL TIME: 1 hours 0 minutesDATE: 3/7/2018START TIME: 9:11END TIME: 10:11**COURTROOM MINUTES**

- | | | | |
|--|--|---|--|
| <input type="checkbox"/> IA-INITIAL APPEAR | <input type="checkbox"/> BOND HRG | <input type="checkbox"/> CHANGE OF PLEA | <input type="checkbox"/> IN CAMERA HRG |
| <input type="checkbox"/> IA- RULE 5 | <input type="checkbox"/> DETENTION HRG | <input checked="" type="checkbox"/> WAIVER/PLEA HRG | <input type="checkbox"/> COMPETENCY HRG |
| <input type="checkbox"/> ARRAIGNMENT | <input type="checkbox"/> PROBABLE CAUSE | <input type="checkbox"/> EXTRADITION HRG | <input type="checkbox"/> FORFEITURE |
| <input type="checkbox"/> CONFLICT HRG | <input type="checkbox"/> EVIDENTIARY HRG | <input type="checkbox"/> STATUS CONF | <input checked="" type="checkbox"/> MOTION HRG |

CRIMINAL NO. 3:18cr43 (VAB) DEFT # _____John Pierpont, Jr.AUSA

UNITED STATES OF AMERICA

vs

Gerry Matthews

George MowadCounsel for Defendant Ret ☒ CJA ☐ PDA ☐

- ☐ Deft failed to appear. Oral Motion for issuance of Warrant ☐ granted ☐ denied ☐ Bond FORFEITED
- ☐ ☐ Arrest Date (CT Case): _____ ☐ Case unsealed or ☐ Rule 5 arrest, _____ Dist of _____
- ☐ CJA 23 Financial Affidavit filed ☐ under seal
- ☐ Order Appointing Federal Public Defender's Office filed
- ☐ Court appoints Attorney _____ to represent defendant for ☐ this proceeding only ☐ all proceedings
- ☐ Appearance of _____ filed
- ☐ ☐ Complaint filed ☐ Sealed Complaint filed ☐ Affidavit of _____ filed
- ☐ ☐ Information/Misdemeanor filed ☐ Sealed Information filed
- ☒ ☒ Waiver of Indictment (case opening) filed ☒ Felony Information filed
- ☐ ☐ Waiver of Indictment (mid case) filed ☐ Superseding Information filed
- ☒ Plea Agreement Ltr filed ☐ under seal ☐ to be e-filed
- ☒ Plea of ☐ not guilty ☒ guilty ☐ nolo contendere to count(s) 1 of the information
- ☐ Petition to Enter Guilty Plea filed (indict, superseding indict, info)
- ☐ Defendant motions due _____; Government responses due _____
- ☐ Scheduling Order ☐ filed ☐ to be filed ☐ Sentencing Scheduling Order
- ☐ Hearing on Pending Motions scheduled for _____ at _____
- ☐ Jury Selection set for _____ at _____
- ☐ Remaining Count(s) to be dismissed at sentencing
- ☒ Sentencing set for to be determined at see below* ☐ Probation 246B Order for PSI & Report
- ☐ Special Assessment of \$ _____ on count(s) _____ Total \$ _____ ☐ Due immediately ☐ Pay at sentencing
- ☐ Govt's Motion for Pretrial Detention filed ☐ GRANTED ☐ DENIED ☐ ADVISEMENT
- ☐ Govt's ORAL Motion for Pretrial Detention ☐ GRANTED ☐ DENIED ☐ ADVISEMENT
- ☐ Order of Detention filed
- ☐ Deft ordered removed/committed to originating /another District of _____
- ☐ No bond set at this time, Order of Temporary Detention Pending Hearing ☐ filed ☐ to be filed
- ☐ Waiver of Rule 5 Hearing filed
- ☐ Govt's Motion for waiver of 10-day notice ☐ GRANTED ☐ DENIED ☐ ADVISEMENT
- ☒ Bond ☒ set at \$ _____ ☐ reduced to \$ _____ ☐ Non-surety ☐ Surety ☒ Personal Recognizance
- ☐ Bond ☐ revoked ☐ reinstated ☐ continued ☐ modified
- ☐ Defendant detained
- ☐ Hearing ☐ waived ☐ set for _____ ☐ continued until _____
- ☐ Set Attorney Flag and notify Federal Grievance Clerk

☐ SEE page II for ☐ conditions of bond ☐ additional proceedings

X By 3/16/2018 counsel will notify the court agreed upon disclosure dates of the PSI, dates of sentencing memorandums and sentencing date.

CONDITIONS OF BOND

☐ Travel restricted to Connecticut or extended to _____ upon obtaining permission from USPO. A motion for any other travel with copies to the Govt and to USPO must be filed and approved by the Court.

☐ Deft must reside at _____

☐ Deft must report to USPO _____ times a ☐ week ☐ month ☐ by telephone ☐ in person ☐ at USPO discretion.

☐ Deft ☐ must surrender passport by 4:00 p.m. on _____; ☐ Must not apply for a passport.

☐ Deft must refrain from the possession of firearms or dangerous weapons.

☐ Deft must maintain employment or actively seek employment.

☐ Deft must refrain from use or unlawful possession, or distribution of a narcotic drug.

☒ as set forth in the Order Setting Conditions of Release

☐ _____

ADDITIONAL PROCEEDINGS

<input checked="" type="checkbox"/> Deft's oral motion <u>release on bond</u>	<input checked="" type="checkbox"/> granted	<input type="checkbox"/> denied	<input type="checkbox"/> advisement
<input type="checkbox"/> Deft's oral motion _____	<input type="checkbox"/> granted	<input type="checkbox"/> denied	<input type="checkbox"/> advisement
<input type="checkbox"/> Deft's oral motion _____	<input type="checkbox"/> granted	<input type="checkbox"/> denied	<input type="checkbox"/> advisement
<input type="checkbox"/> Deft's oral motion _____	<input type="checkbox"/> granted	<input type="checkbox"/> denied	<input type="checkbox"/> advisement
<input type="checkbox"/> Govt's oral motion _____	<input type="checkbox"/> granted	<input type="checkbox"/> denied	<input type="checkbox"/> advisement
<input type="checkbox"/> Govt's oral motion _____	<input type="checkbox"/> granted	<input type="checkbox"/> denied	<input type="checkbox"/> advisement
<input type="checkbox"/> Govt's oral motion _____	<input type="checkbox"/> granted	<input type="checkbox"/> denied	<input type="checkbox"/> advisement
<input type="checkbox"/> Govt's oral motion _____	<input type="checkbox"/> granted	<input type="checkbox"/> denied	<input type="checkbox"/> advisement
<input type="checkbox"/> # _____ Deft _____ Motion _____	<input type="checkbox"/> granted	<input type="checkbox"/> denied	<input type="checkbox"/> advisement
<input type="checkbox"/> # _____ Deft _____ Motion _____	<input type="checkbox"/> granted	<input type="checkbox"/> denied	<input type="checkbox"/> advisement
<input type="checkbox"/> # _____ Govt Motion _____	<input type="checkbox"/> granted	<input type="checkbox"/> denied	<input type="checkbox"/> advisement
<input type="checkbox"/> # _____ Govt Motion _____	<input type="checkbox"/> granted	<input type="checkbox"/> denied	<input type="checkbox"/> advisement
<input type="checkbox"/> _____	<input type="checkbox"/> filed	<input type="checkbox"/> granted	<input type="checkbox"/> denied
<input type="checkbox"/> _____	<input type="checkbox"/> filed	<input type="checkbox"/> granted	<input type="checkbox"/> denied
<input type="checkbox"/> _____	<input type="checkbox"/> filed	<input type="checkbox"/> granted	<input type="checkbox"/> denied
<input type="checkbox"/> _____	<input type="checkbox"/> filed	<input type="checkbox"/> granted	<input type="checkbox"/> denied
<input type="checkbox"/> _____	<input type="checkbox"/> filed	<input type="checkbox"/> granted	<input type="checkbox"/> denied

Notes:

EXHIBIT “5”

NOT A CERTIFIED COPY

UNITED STATES DISTRICT COURT

DISTRICT OF CONNECTICUT

UNITED STATES OF AMERICA

CRIMINAL NO. 3:18-CR-48-SRU

v.

ROBERT V. MATTHEWS
and
LESLIE R. EVANS

VIOLATION:

18 U.S.C. § 1343 (Wire Fraud)
18 U.S.C. § 1344 (Bank Fraud)
18 U.S.C. § 1349 (Conspiracy)
18 U.S.C. § 1957 (Illegal Monetary Transactions)
18 U.S.C. § 2 (Aiding and Abetting)

INDICTMENT

The Grand Jury charges:

COUNTS ONE-EIGHT
(Wire Fraud)

At all times relevant to this Indictment:

The Defendants

1. Defendant ROBERT V. MATTHEWS ("R. MATTHEWS") was a real estate developer and maintained personal residences in Connecticut and Florida.
2. Defendant LESLIE R. EVANS ("EVANS") was a real estate attorney and a resident of Florida.

Other Relevant Individuals and Entities

3. Nicholas Laudano ("Laudano"), who is charged separately, was a construction contractor who worked as a contractor for the Palm House Hotel in Palm Beach, Florida. Laudano also operated multiple pizza restaurants in Florida and Connecticut. Laudano controlled a number of entities, including New Haven Contracting South Inc., NJL Development Group, LLC, NJL Development Group Inc., and NJL Investments.

4. Gerry Matthews ("G. Matthews"), who is charged separately, owned and operated a commercial real estate brokerage firm in Connecticut known as Matthews Commercial Properties, LLC ("MCP"). G. Matthews maintained a savings account for MCP at Webster Bank in Connecticut (the "MCP savings account"). G. Matthews is the brother of R. MATTHEWS.

EB-5 Funding

5. The EB-5 visa program ("EB-5 program") was a federal program by which foreign nationals and their families were eligible to apply for lawful permanent resident status (commonly known as a "green card") if they invested in a development project in the United States.

6. The particulars of the EB-5 program varied by project and location, but relevant to this Indictment, an investor was entitled to apply for a green card if, among other requirements, (1) the investor made a \$500,000 investment in a development project in the United States and (2) that project ultimately employed ten or more individuals.

7. Various entities in the United States acted as middlemen between potential foreign investors and investment projects. South Atlantic Regional Center, LLC ("SARC") was one such entity based in Palm Beach, Florida.

8. SARC's primary function was to advertise EB-5 projects to foreign investors, collect funds from foreign investors that were earmarked for certain development projects, and make that funding available to the respective development project.

The Palm House Hotel

9. The Palm House Hotel ("PHH") was located at 160 Royal Palm Way, Palm Beach, Florida.

10. The PHH was one development project advertised by SARC to EB-5 investors in or around 2012 through in or around 2014.

11. R. MATTHEWS was the developer in charge of the PHH development project.

12. R. MATTHEWS had a lengthy history with the PHH. He originally purchased the property in August 2006. R. MATTHEWS lost the PHH in foreclosure in 2009. In August 2013, R. MATTHEWS reacquired control of the PHH through an entity called Palm House, LLC. G. Matthews, however, was listed as owning 99% of Palm House, LLC in its incorporation documents. "Minority Owner-1," whose identity is known to the Grand Jury, had secured additional financing for R. MATTHEWS and owned the remaining 1%.

13. Laudano continuously worked on the development and construction of the PHH as a contractor beginning in or around 2006 through in or around 2016.

The Wire Fraud Scheme

14. Beginning in or around 2012 and continuing through in or around January 2018, in the District of Connecticut and elsewhere, R. MATTHEWS, EVANS, and others known and unknown to the Grand Jury, knowingly and with intent to defraud, devised and intended to devise, and participated in, a scheme and artifice to defraud and obtain money and property from SARC, EB-5 investors, and others by means of materially false and fraudulent pretenses, representations and promises, and in furtherance of that scheme used and caused to be used interstate wires.

15. The purpose of the scheme and artifice was for R. MATTHEWS, EVANS, and others known and unknown to the Grand Jury to enrich themselves and their companies by defrauding the EB-5 investors, SARC, and others out of money and property owned by and under

the control of the EB-5 investors, SARC, and others by means of materially false and fraudulent pretenses, representations, and promises.

Manner and Means of the Wire Fraud Scheme

The manner and means by which R. MATTHEWS, EVANS, their co-conspirators, agents, and others known and unknown to the Grand Jury sought to accomplish and did accomplish the objects of the wire fraud scheme included, among others, the following:

16. R. MATTHEWS, EVANS, their co-conspirators, agents, and others made several material misrepresentations to SARC, prospective EB-5 investors, and/or Minority Owner-1, including that (i) the proceeds of the loan from EB-5 investors would be used to develop the PHH; (ii) certain well-known individuals would be on the PHH advisory board and certain well-known entertainers, businesspeople, and politicians “will be a part of the club”; and (iii) G. Matthews was a member of the Palm House, LLC management team and was the 99% owner of Palm House, LLC.

17. Despite those misrepresentations to the contrary, in truth, and as the defendants well knew, (i) R. MATTHEWS, EVANS, their co-conspirators, agents, and others used EB-5 funding for purposes not related to the PHH project, including for the personal gain of R. MATTHEWS and others; (ii) there was no evidence any of the proffered well-known individuals would be on the PHH advisory board or would be members of the club; and (iii) while G. Matthews was the nominal 99% owner of Palm House, LLC, R. MATTHEWS controlled that company and it belonged to G. Matthews in name only.

18. EB-5 investors decided to invest in the PHH project by providing money to accounts controlled by SARC. SARC, in turn, provided EB-5 money earmarked for use at the

PHH either (1) into an account in the name of 160 Royal Palm LLC at Regions Bank in Florida that was controlled by R. MATTHEWS, EVANS, and their agents ("160 Royal Palm Account") or (2) into EVANS' Interest on Trust Account that was used to maintain his clients' funds at First United Bank in Florida (the "EVANS IOTA Account").

19. Despite their misrepresentations to the contrary, R. MATTHEWS, EVANS, their co-conspirators, agents, and others used this EB-5 funding for purposes not related to the PHH project, including for their own personal gain and the gain of others.

20. To use EB-5 funding for purposes not related to the PHH project, including for their own personal gain and the gain of others, R. MATTHEWS, EVANS, their co-conspirators, agents, and others wired EB-5 funds from the 160 Royal Palm Account and the EVANS IOTA Account into and through various accounts, including the following:

- a. G. Matthews' MCP Savings account located in Connecticut;
- b. An account at First Bank of the Palm Beaches in Florida in the name of New Haven Contracting South, which was controlled by Laudano ("NHCS Account-1");
- c. An account at Regions Bank in Florida in the name of New Haven Contracting South, which was controlled by Laudano ("NHCS Account-2")
- d. An account at First Bank of the Palm Beaches in Florida in the name of NJL Development LLC, which was controlled by Laudano ("NJL Development Account-1");
- e. An account at Wells Fargo in Florida in the name of NJL Development Group, Inc., which was controlled by Laudano ("NJL Development Account-2");

f. An account at Regions Bank in Florida in the name of Bonaventure 22 LLC, which was controlled by R. MATTHEWS and others (the "Bonaventure Account"); and

g. An account at Regions Bank in Florida in the name of Mirabia LLC, which was controlled by R. MATTHEWS and others (the "Mirabia Account").

21. G. Matthews, acting at R. MATTHEWS' direction, applied the EB-5 money that had been moved into G. Matthews' MCP Savings account to the credit card debts of R. MATTHEWS and others, or moved the money into other accounts controlled by R. MATTHEWS and others.

22. In or around February 2014 and April 2014, R. MATTHEWS, EVANS, their co-conspirators, agents, and others purchased the property located at 115 Lower Church Hill Road, Washington Depot, Connecticut out of a foreclosure auction with EB-5 money diverted from the PHH project by using a straw company, NJL Development Group, LLC, which was under the control of Laudano.

23. R. MATTHEWS and others used EB-5 funds in the Bonaventure Account and the Mirabia Account to support his own and his family's lifestyle, including but not limited to the purchase of a property located at 105 Lower Church Hill Road, Washington Depot, Connecticut, in or around May 2014 and June 2014.

24. In or around June 2014, R. MATTHEWS and others purchased a one hundred and fifty-one-foot yacht through a down payment made with EB-5 money and a loan as well as the use of shell companies that were controlled by R. MATTHEWS and others.

Executions of the Wire Fraud Scheme

25. On or about the dates set forth in each count below, in the District of Connecticut and elsewhere, for the purpose of executing and attempting to execute the aforementioned scheme and artifice to defraud and to obtain money and property by means of materially false and fraudulent pretenses, representations, and promises as described above, R. MATTHEWS and EVANS did knowingly transmit and cause to be transmitted, by means of wire communication in interstate and foreign commerce, certain writings, signs, signals and sounds, each wiring as set forth below constitution a separate count of this Indictment:

Count	Date	Description of Use of Interstate Wires
1	2/1/14	An email sent from R. MATTHEWS' email account in Florida to G. Matthews' email account in Connecticut forwarding login instructions to bid on the property at 115 Lower Church Hill Road.
2	2/3/14	A wire for \$136,237.50 from the EVANS IOTA account in Florida to an account at Farmington Savings Bank in Connecticut for the purchase of 115 Lower Church Hill Road by NJL Development Group, LLC.
3	2/5/14	A wire in the amount of \$8,592.40 of EB-5 money sent from the 160 Royal Palm Account in Florida to the MCP Savings account in Connecticut.
4	4/29/14	An email sent from an account in the name of an individual with the initials M.P. in Connecticut to Laudano's email account in Florida with documents related to the purchase of 115 Lower Church Hill Road, which was purchased with EB-5 funds.
5	6/30/14	A check in the amount of \$12,717.46, which caused the use of interstate wires in moving money from the 160 Royal Palm Account in Florida to the MCP Savings account in Connecticut.
6	6/30/14	A check in the amount of \$10,837.86, which caused use of the interstate wires in moving money to move from the 160 Royal Palm Account in Florida to the MCP Savings account in Connecticut.
7	10/20/14	An email sent from the account of an individual working for R. MATTHEWS in Florida to G. Matthews' email account in Connecticut, blind copying R. MATTHEWS' email account and attaching a letter relieving Minority-Owner-1 of his position as Manager of Palm House, LLC.

Count	Date	Description of Use of Interstate Wires
8	10/21/14	An email sent from G. Matthews' email account in Connecticut to EVANS' email account, appointing EVANS as the managing member of Palm House LLC.

All in violation of Title 18, United States Code, Section 1343.

COUNT NINE
(Bank Fraud)

26. Paragraphs 1 through 25 of this Indictment are reincorporated as if fully set forth herein.

Background on 115 Lower Church Hill Road

27. R. MATTHEWS purchased two properties in or around January 2001 for \$3,900,000: 115 Lower Church Hill Road and 101 Lower Church Hill Road, both in Washington Depot, Connecticut. These purchases were initially financed with a \$2,000,000 mortgage and two lines of credit worth \$400,000 and \$375,000.

28. On or about May 24, 2004, R. MATTHEWS refinanced 115 Lower Church Hill Road with Washington Mutual Bank for \$3,600,000. That loan was later assigned to JPMorgan Chase Bank NA ("JPMC"), a bank whose deposits were insured by the Federal Deposit Insurance Corporation.

29. In or about September 2013, JPMC foreclosed on the loan and took ownership of 115 Lower Church Hill Road. That property was then placed for foreclosure sale at auction by Ten-x d/b/a Auction.com (hereinafter "Auction.com").

The Bank Fraud Scheme

30. Beginning in or about 2012 and continuing through in or about April 2016, in the District of Connecticut and elsewhere, R. MATTHEWS, EVANS, and others known and unknown to the Grand Jury, knowingly and with intent to defraud devised and intended to devise, and participated in, a scheme and artifice to defraud JPMC, a federally insured financial institution, and to obtain moneys, funds, credits, assets, and other property owned by or under the custody or control of JPMC, by means of materially false and fraudulent pretenses representations, and promises, and by means of omissions of material fact.

31. The purpose of the bank fraud scheme was to deceive JPMC, which had foreclosed on R. MATTHEWS' property at 115 Lower Church Hill Road, into re-selling the property to R. MATTHEWS, through a straw purchaser, at a significant loss, thereby permitting R. MATTHEWS and others to continue to live there and act as owners of the property.

Manner and Means of the Bank Fraud Scheme

The manner and means by which R. MATTHEWS, EVANS, their co-conspirators, agents, and others known and unknown to the Grand Jury sought to accomplish and did accomplish the objects of the bank fraud scheme included, among others, the following:

32. R. MATTHEWS, EVANS, their co-conspirators, agents and others entered into an arrangement among themselves and with Laudano whereby:

- a. Laudano would purchase out of foreclosure, through a shell company, the property at 115 Lower Church Hill Road from JPMC at a significant discount, using EB-5 money from R. MATTHEWS that R. MATTHEWS had diverted from the PHH project;

b. R. MATTHEWS would continue to live at the property with his family and to act as owner of the property; and

c. R. MATTHEWS, EVANS, and Laudano would conceal from JPMC the fact that Laudano was purchasing 115 Lower Church Hill Road with money provided by R. MATTHEWS and that R. MATTHEWS would control the property through Laudano, knowing that JPMC would not have sold the property to Laudano if they knew of the source of the funds and Laudano's relationship with R. MATTHEWS.

33. On or about February 3, 2014, R. MATTHEWS, EVANS, Laudano, their co-conspirators, agents, and others established NJL Development Group, LLC in the state of Delaware under the control of Laudano, with the intent to use NJL Development Group, LLC as a shell company to conceal R. MATTHEWS' involvement and the source of funds in the purchase of 115 Lower Church Hill Road.

34. In or around February 2014, R. MATTHEWS, EVANS, Laudano, their co-conspirators, agents, and others in fact arranged the purchase of 115 Lower Church Hill Road from JPMC through the straw entity NJL Development Group, LLC, which was controlled by Laudano, to conceal R. MATTHEWS' involvement in the transaction as well as the source of funds.

35. In or around February 2014, Laudano executed a sales agreement with JPMC to purchase 115 Lower Church Hill Road. On page 5 of the sales agreement under section 5(i), the parties to the sales contract agreed that JPMC had the right to terminate the agreement if the buyer (Laudano and NJL Development Group, LLC) was the former mortgagor (R. MATTHEWS) of the property whose interest was foreclosed/acquired by a deed-in-lieu of foreclosure, or is related to or affiliated in any way with the former mortgager, and the buyer has not disclosed this fact to

the seller (JPMC) in writing prior to the seller's acceptance of the agreement. Notwithstanding this provision, neither Laudano nor R MATTHEWS disclosed to JPMC their relationship or the source of the purchase funds.

36. On or about February 3, 2014, R. MATTHEWS, EVANS, Laudano, their co-conspirators, agents and others sent and caused to be sent a letter from EVANS to Auction.com. In the letter, EVANS falsely and fraudulently represented to Auction.com that Laudano and his company NJL Development Group, LLC had provided \$2,750,000.00 to EVANS, from which the down payment for the property at 115 Lower Church Hill Road would be drawn. In fact, at no point did either Laudano or NJL Development Group, LLC provide \$2,750,000.00 to EVANS. Instead, the down payment for the property came from comingled client funds in the EVANS IOTA Account.

37. On or about February 3, 2014, R. MATTHEWS, EVANS, their co-conspirators, agents and others wired and caused to be wired \$136,237.50 from the EVANS IOTA Account in Florida to an account at Farmington Savings Bank in Connecticut for the down payment on the property at 115 Lower Church Hill Road.

38. On or about April 2, 2014, Laudano opened NHCS Account-1.

39. On or about April 30, 2014, Laudano opened NJL Development Account-1.

40. On or about April 29, 2014, R. MATTHEWS, EVANS, Laudano their co-conspirators, agents and others diverted \$2,650,000 of EB-5 money (earmarked for the PHH) from the 160 Royal Palm Account to NHCS Account-1.

41. On or about April 30, 2014, R. MATTHEWS, EVANS, Laudano, their co-conspirators, agents and others transferred, and caused the transfer of, \$2,655,000 from NHCS Account-1 to NJL Development Account-1.

42. On or about April 30, 2014, R. MATTHEWS, EVANS, Laudano, their co-conspirators, agents and others wired, and caused the wiring of, \$2,601,646 from NJL Development Account-1 to a bank account in Connecticut to purchase the property at 115 Lower Church Hill Road.

In violation of Title 18, United States Code, Sections 1344 and 2.

COUNT TEN

(Conspiracy to Commit Wire Fraud and Bank Fraud)

43. Paragraphs 1 through 42 of this Indictment are reincorporated as if fully set forth herein.

44. Beginning in or about 2012 through in or about January 2018, in the District of Connecticut and elsewhere, R. MATTHEWS and EVANS, together with others known and unknown to the Grand Jury, did knowingly combine, conspire, confederate, and agree together and with each other, to commit offenses against the United States as follows:

a. to devise and intend to devise a scheme and artifice to defraud and to obtain money and property by means of materially false and fraudulent pretenses, representations, and promises and for the purpose of executing and attempting to execute the scheme and artifice to knowingly transmit, and cause to be transmitted, by means of wire communication in interstate and foreign commerce, certain writings, signs, signals and sounds, in violation of Title 18, United States Code, Section 1343; and

b. to devise and intend to devise a scheme and artifice to defraud JPMC, a federally insured financial institution, and to obtain money, funds, credits, assets, and other property owned by and under the custody and control of JPMC, by means of materially false and fraudulent, pretenses, representations, and promises, in violation of Title 18, United States Code Sections 1344(1) and (2).

All in violation of Title 18, United States Code, Section 1349.

COUNT'S ELEVEN-SIXTEEN

(Illegal Monetary Transactions Using Wire Fraud Proceeds)

45. Paragraphs 1 through 44 of this Indictment are reincorporated as if fully set forth herein.

46. On or about the dates set forth in each count below, in the District of Connecticut and elsewhere, the defendant named in each count did knowingly engage, and aided and abetted and caused others to engage, in monetary transactions in criminally derived property of a value greater than \$10,000 involving financial institutions that are engaged in, and the activities of which affect, interstate commerce, such property having been derived from a specified unlawful activity—namely wire fraud in violation of Title 18, United States Code, Section 1343—as follows:

Count	Date	Defendant Charged	Charged Monetary Transaction	Origin of Funds
11	1/8/14	R. MATTHEWS	A \$25,000 wire from NHCS Account-2 to G. Matthews' MCP Savings account.	A transfer of \$50,000 of EB-5 money from the 160 Royal Palm Account into NHCS Account-2 on or about January 7, 2014.

Count	Date	Defendant Charged	Charged Monetary Transaction	Origin of Funds
12	4/30/14	R. MATTHEWS and EVANS	A \$2,601,646.32 wire from NJL Development Account-1 to an account at Webster Bank in Connecticut.	A wire of \$2,650,000 of EB-5 money from the 160 Royal Palm Account to NHCS Account-1 on or about April 29, 2014, and then a subsequent transfer of \$2,655,000 from NHCS Account-1 to NJL Development Account-1 on or about April 30, 2014.
13	5/2/14	R. MATTHEWS	A \$50,000 wire from NJL Development-1 Account to G. Matthews' MCP Savings account.	
14	5/27/14	R. MATTHEWS	A \$100,000 wire from the Bonaventure Account to a Webster Bank account in Woodbury, Connecticut for the purchase of the property at 105 Lower Church Hill Road, Washington Depot, Connecticut.	A transfer of \$1,100,000 of EB-5 money from the 160 Royal Palm Account to the Bonaventure Account on or about May 27, 2014.
15	6/23/14	R. MATTHEWS	A \$454,715.53 wire from the Bonaventure Account to a Webster Bank account in Woodbury, Connecticut for the purchase of the property at 105 Lower Church Hill Road, Washington Depot, Connecticut.	
16	6/23/14	R. MATTHEWS	A \$300,000 wire from the Bonaventure Account to G. Matthews' MCP Savings account.	

All in violation of Title 18, United States Code, Sections 1957 and 2.

COUNTS SEVENTEEN-TWENTY
(Illegal Monetary Transactions Using Bank Fraud Proceeds)

47. Paragraphs 1 through 46 of this Indictment are reincorporated as if fully set forth herein.

48. In or about November 2014, several months following the purchase of 115 Lower Church Hill Road from JPMC through straw buyer NJL Development Group, LLC, R. MATTHEWS, his co-conspirators, agents, and others took out a loan secured by 115 Lower Church Hill Road from an individual with the initials K.M.

49. On or about November 23 and 24, 2014, the loan proceeds were transferred from an account at Webster Bank, which is a federally insured financial institution in Connecticut, to various accounts controlled by Laudano, and then to several other accounts, all at the direction of R. MATTHEWS, Laudano and other co-conspirators.

Transactions in Criminally Derived Proceeds

50. On or about the dates set forth in each count below, R. MATTHEWS did knowingly engage, and aided and abetted and caused others to engage, in monetary transactions in criminally derived property of a value greater than \$10,000 involving financial institutions that are engaged in, and the activities of which affect, interstate commerce, such property having been derived from a specified unlawful activity—namely bank fraud in violation of Title 18, United States Code, Section 1344—as follows:

Count	Date	Monetary Transaction	Origin of Funds
17	11/24/14	A \$140,00 wire from an account at Webster Bank in Connecticut to NHCS Account-1.	Proceeds from the loan secured by 115 Lower Church Hill Road ("loan proceeds").
18	11/24/14	A \$1,034,712.91 wire from an account at Webster Bank in Connecticut to NJL Development Account-2.	
19	11/28/14	A \$100,000 wire from the Mirabia Account to an account at TD Bank located in Connecticut.	A November 25, 2014 wire of \$825,000 in loan proceeds into the Mirabia account.
20	11/28/14	A \$211,864.58 wire from the Mirabia Account to an account at TD Bank located in Connecticut.	

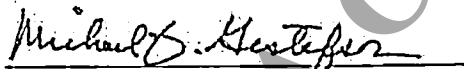
In violation of Title 18, United States Code, Sections 1957 and 2.

A TRUE BILL

/s/

FOREPERSON

UNITED STATES OF AMERICA



MICHAEL J. GUSTAFSON
FIRST ASSISTANT UNITED STATES ATTORNEY



JOHN T. PIERPONT, JR.
ASSISTANT U.S. ATTORNEY

EXHIBIT “6”

NOT A CERTIFIED COPY

UNITED STATES DISTRICT COURT
DISTRICT OF CONNECTICUT

UNITED STATES OF AMERICA

CRIMINAL NO. 3:18-CR-47(VAB)

v.

VIOLATIONS:

18 U.S.C. § 1349 (Conspiracy to Commit
Bank Fraud)

NICHOLAS LAUDANO

18 U.S.C. § 1957 (Illegal Monetary Transactions)

INFORMATION

The United States Attorney charges:

COUNT ONE

(Conspiracy to Commit Bank Fraud)

At all times relevant to this Information:

The Defendant

1. Defendant NICHOLAS LAUDANO ("LAUDANO") was a resident of Connecticut and Florida.
2. LAUDANO was a construction contractor who worked as a contractor for the Palm House Hotel in Palm Beach, Florida. LAUDANO also operated multiple pizza restaurants in Florida and Connecticut. LAUDANO controlled a number of entities, including New Haven Contracting South Inc., NJL Development Group, LLC, NJL Development Group Inc., and NJL Investments.

EB-5 Funding

3. The EB-5 visa program ("EB-5 program") was a federal program by which foreign nationals and their families were eligible to apply for lawful permanent resident status (commonly known as a "green card") if they invested in a development project in the United States.

4. The particulars of the EB-5 program varied by project and location, but relevant to this Information, an investor was entitled to apply for a green card if, among other requirements, (1) the investor made a \$500,000 investment in a development project in the United States and (2) that project ultimately employed ten or more individuals.

5. Various entities in the United States acted as middlemen between potential foreign investors and investment projects. South Atlantic Regional Center, LLC ("SARC") was one such entity based in Palm Beach, Florida.

6. SARC's primary function was to advertise EB-5 projects to foreign investors, collect funds from foreign investors that were earmarked for certain development projects, and make that funding available to the respective development project.

The Palm House Hotel

7. The Palm House Hotel ("PHH") was located at 160 Royal Palm Way, Palm Beach, Florida.

8. The PHH was one development project advertised by SARC to EB-5 investors in or around 2012 through in or around 2014.

9. "Developer-1," whose identity is known to the United States Attorney, was the developer in charge of the PHH development project.

10. Developer-1 had a lengthy history with the PHH. He originally purchased the property in August 2006. Developer-1 lost the PHH in foreclosure in 2009. In August 2013, Developer-1 reacquired control of the PHH through an entity called Palm House, LLC. "Majority Owner-1," whose identity is known to the United States Attorney, however, was listed as owning 99% of Palm House, LLC in its incorporation documents. Another individual, who is known to the United States Attorney and referred to herein as "Minority Owner-1," had secured additional financing for Developer-1 and owned the remaining 1%.

11. LAUDANO continuously worked on the development and construction of the PHH as a contractor beginning in or around 2006 through in or around 2016.

12. Despite representations that EB-5 money would be used to fund the PHH project, Developer-1, his co-conspirators, agents, and others frequently diverted large portions of the EB-5 money for personal purposes, including buying a personal residence out of foreclosure, as described below.

115 Lower Church Hill Road

13. Developer-1 purchased two properties in or around January 2001 for \$3,900,000: 115 Lower Church Hill Road and 101 Lower Church Hill Road, both in Washington Depot, Connecticut. These purchases were initially financed with a \$2,000,000 mortgage and two lines of credit worth \$400,000 and \$375,000.

14. On or about May 24, 2004, Developer-1 refinanced 115 Lower Church Hill Road with Washington Mutual Bank for \$3,600,000. That loan was later assigned to JPMorgan Chase Bank NA ("JPMC"), a bank whose deposits were insured by the Federal Deposit Insurance Corporation.

15. In or around September 2013, JPMC foreclosed on the loan and took ownership of 115 Lower Church Hill Road. That property was then placed for foreclosure sale at auction by Ten-x d/b/a Auction.com.

The Conspiracy

16. Beginning in or around 2012 through in or around April 2016, in the District of Connecticut and elsewhere, LAUDANO and Developer-1, together with others known and unknown to the United States Attorney, did knowingly and with intent to defraud combine, conspire, confederate, and agree together and with each other to commit offenses against the United States, that is, to devise and participate in a scheme and artifice to defraud JPMC, a federally insured financial institution, and to obtain moneys, funds, credits, assets, and other property owned by and under the custody or control of JPMC, by means of materially false and fraudulent pretenses representations, and promises, and by means of omissions of material fact, in violation of Title 18, United States Code, Section 1344.

17. The purpose of the conspiracy was to deceive JPMC, which had foreclosed on Developer-1's property at 115 Lower Church Hill Road, into re-selling the property to Developer-1, through a straw purchaser, at a significant loss, thereby permitting Developer-1 and others to continue to live there and act as owners of the property.

The Manner and Means of the Conspiracy

The manner and means by which LAUDANO, Developer-1, their co-conspirators, agents, and others known and unknown to the United States Attorney sought to accomplish and did accomplish the objects of the conspiracy included, among others, the following:

18. LAUDANO, Developer-1, their co-conspirators, agents, and others entered into an arrangement among themselves whereby:

a. LAUDANO would purchase out of foreclosure, through a shell company, the property at 115 Lower Church Hill Road from JPMC at a significant discount, using EB-5 money from Developer-1 that Developer-1 had diverted from the PHH project;

b. Developer-1 would continue to live at the property with his family and to act as owner of the property; and

c. LAUDANO, Developer-1, their co-conspirators, agents, and others would conceal from JPMC the fact that LAUDANO was purchasing 115 Lower Church Hill Road with money provided by Developer-1 and that Developer-1 would control the property through LAUDANO, knowing that JPMC would not have sold the property to LAUDANO if it had known the source of the funds and LAUDANO's relationship with Developer-1.

19. On or about February 3, 2014, LAUDANO, Developer-1, their co-conspirators, agents, and others, established NJL Development Group, LLC in the state of Delaware under the control of LAUDANO, with the intent to use NJL Development Group, LLC as a shell company to conceal Developer-1's involvement and the source of funds in the purchase of 115 Lower Church Hill Road.

20. In or around February 2014, LAUDANO, Developer-1, their co-conspirators, agents, and others in fact arranged the purchase of 115 Lower Church Hill Road from JPMC through the straw entity NJL Development Group, LLC, which was controlled by LAUDANO, to conceal Developer-1's involvement in the transaction as well as the source of funds.

21. In or around February 2014, LAUDANO executed a sales agreement with JPMC to purchase 115 Lower Church Hill Road. On page 5 of the sales agreement under section 5(i), the parties to the sales contract agreed that JPMC had the right to terminate the agreement if the buyer (LAUDANO and NJL Development Group LLC) was the former mortgagor (Developer-1) of the property whose interest was foreclosed/acquired by a deed-in-lieu of foreclosure, or was related to or affiliated in any way with the former mortgagor, and the buyer has not disclosed this fact to the seller in writing prior to the seller's acceptance of the agreement. Notwithstanding this provision, neither LAUDANO nor Developer-1 disclosed to JPMC their relationship or the source of the purchase funds.

22. On or about February 3, 2014, LAUDANO, Developer-1, their co-conspirators, agents, and others sent and caused to be sent a letter from Developer-1's attorney to Auction.com. In the letter, Developer-1's attorney falsely and fraudulently represented to Auction.com that LAUDANO and his company NJL Development Group, LLC had provided \$2,750,000.00 to the attorney, from which the down payment for the property at 115 Lower Church Hill Road would be drawn. In fact, at no point did either LAUDANO or NJL Development Group, LLC provide \$2,750,000 to Developer-1's attorney. Instead, the down payment for the property came from comingled client funds in the Interest on Trust Account ("IOTA") operated by Developer-1's attorney.

23. On or about February 3, 2014, Developer-1 and others wired and caused to be wired \$136,237.50 from his attorney's IOTA in Florida to an account at Farmington Savings Bank in Connecticut for the down payment on the property at 115 Lower Church Hill Road.

24. On or about April 29 and 30, 2014, Developer-1 and others arranged for \$2,650,000 of EB-5 money (earmarked for the PHH) to be diverted from a PHH project account in Florida to a bank account controlled by LAUDANO in Florida, who then transferred \$2,655,000 to another account he controlled in the name of NJL Development Group, LLC, and then transferred \$2,601,646 to a bank account in Connecticut to purchase 115 Church Hill Road.

All in violation of Title 18, United States Code, Section 1349.

COUNT TWO
(Illegal Monetary Transaction)

25. The allegations in Paragraphs 1 through 24 of this Information are incorporated by reference.

Loan Secured by 115 Lower Church Hill Road

26. In or around November 2014, several months following the purchase of 115 Lower Church Hill Road from JPMC through straw buyer NJL Development Group, LLC, LAUDANO, Developer-1, their co-conspirators, agents, and others took out a loan secured by the property at 115 Lower Church Hill Road from an individual with the initials K.M.

27. On or about November 23 and 24, 2014, loan proceeds were transferred from an account under the control of K.M.'s agent at Webster Bank, which is a federally insured financial institution in Connecticut, to an account in Florida in the name of LAUDANO's company New Haven Contracting South, and then to several other accounts, all at the direction of LAUDANO, Developer-1, their co-conspirators, agents, and others.

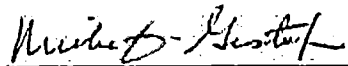
Transaction in Criminally Derived Proceeds

28. On or about November 24, 2014, defendant LAUDANO did knowingly engage and attempt to engage in a monetary transactions in criminally derived property of a value greater than

\$10,000 involving financial institutions that are engaged in, and the activities of which affect, interstate commerce, such property having been derived from a specified unlawful activity—namely bank fraud in violation of Title 18, United States Code, Section 1344—that is, the transfer \$1,034,712.91 of loan proceeds secured by the property at 115 Lower Church Hill Road from an account under the control of K.M.'s agent located at Webster Bank in Connecticut to a First Bank of the Palm Beaches account in Florida in the name of LAUDANO's company NJL Development Group Inc.

All in violation of Title 18, United States Code, Section 1957.

UNITED STATES OF AMERICA



MICHAEL J. GUSTAFSON
FIRST ASSISTANT UNITED STATES ATTORNEY



JOHN T. PIERPONT, JR.
ASSISTANT U.S. ATTORNEY

EXHIBIT “7”

NOT A CERTIFIED COPY

HONORABLE: Victor A. BoldenDEPUTY CLERK: J. PerezRPTR/ECRO/TAPE: S. Montini

USPO: _____

INTERPRETER: _____

TOTAL TIME: _____ hours 47 minutesDATE: 3/12/2018 START TIME: 10:13 END TIME: 11:00**COURTROOM MINUTES**

- | | | | |
|--|--|---|--|
| <input type="checkbox"/> IA-INITIAL APPEAR | <input type="checkbox"/> BOND HRG | <input type="checkbox"/> CHANGE OF PLEA | <input type="checkbox"/> IN CAMERA HRG |
| <input type="checkbox"/> IA- RULE 5 | <input type="checkbox"/> DETENTION HRG | <input checked="" type="checkbox"/> WAIVER/PLEA HRG | <input type="checkbox"/> COMPETENCY HRG |
| <input type="checkbox"/> ARRAIGNMENT | <input type="checkbox"/> PROBABLE CAUSE | <input type="checkbox"/> EXTRADITION HRG | <input type="checkbox"/> FORFEITURE |
| <input type="checkbox"/> CONFLICT HRG | <input type="checkbox"/> EVIDENTIARY HRG | <input type="checkbox"/> STATUS CONF | <input checked="" type="checkbox"/> MOTION HRG |

CRIMINAL NO. 3:18cr47 (VAB) DEFT # _____John Pierpont, Jr.AUSA

UNITED STATES OF AMERICA

vs

Nicholas Laudano

Robert M. CasaleCounsel for Defendant Ret ☒ CJA ☐ PDA ☐

- ☐ Deft failed to appear. Oral Motion for issuance of Warrant ☐ granted ☐ denied ☐ Bond FORFEITED
- ☐ ☐ Arrest Date (CT Case): _____ ☐ Case unsealed or ☐ Rule 5 arrest, _____ Dist of _____
- ☐ CJA 23 Financial Affidavit filed ☐ under seal
- ☐ Order Appointing Federal Public Defender's Office filed
- ☐ Court appoints Attorney _____ to represent defendant for ☐ this proceeding only ☐ all proceedings
- ☐ Appearance of _____ filed
- ☐ ☐ Complaint filed ☐ Sealed Complaint filed ☐ Affidavit of _____ filed
- ☐ ☐ Information/Misdemeanor filed ☐ Sealed Information filed
- ☒ ☒ Waiver of Indictment (case opening) filed ☒ Felony Information filed
- ☐ ☐ Waiver of Indictment (mid case) filed ☐ Superseding Information filed
- ☒ Plea Agreement Ltr filed ☐ under seal ☐ to be e-filed
- ☒ Plea of ☐ not guilty ☒ guilty ☐ nolo contendere to count(s) 1 & 2 of the information (indict, superseding indict, info)
- ☐ Petition to Enter Guilty Plea filed
- ☐ Defendant motions due _____; Government responses due _____
- ☐ Scheduling Order ☐ filed ☐ to be filed ☐ Sentencing Scheduling Order
- ☐ Hearing on Pending Motions scheduled for _____ at _____
- ☐ Jury Selection set for _____ at _____
- ☐ Remaining Count(s) to be dismissed at sentencing
- ☒ Sentencing set for to be determined at see below ☐ Probation 246B Order for PSI & Report
- ☐ Special Assessment of \$ _____ on count(s) _____. Total \$ _____ ☐ Due immediately ☐ Pay at sentencing
- ☐ Govt's Motion for Pretrial Detention filed ☐ GRANTED ☐ DENIED ☐ ADVISEMENT
- ☐ Govt's ORAL Motion for Pretrial Detention ☐ GRANTED ☐ DENIED ☐ ADVISEMENT
- ☐ Order of Detention filed
- ☐ Deft ordered removed/committed to originating /another District of _____
- ☐ No bond set at this time, Order of Temporary Detention Pending Hearing ☐ filed ☐ to be filed
- ☐ Waiver of Rule 5 Hearing filed
- ☐ Govt's Motion for waiver of 10-day notice ☐ GRANTED ☐ DENIED ☐ ADVISEMENT
- ☒ Bond ☒ set at \$ _____ ☐ reduced to \$ _____ ☐ Non-surety ☐ Surety ☒ Personal Recognizance
- ☐ Bond ☐ revoked ☐ reinstated ☐ continued ☐ modified
- ☐ Defendant detained
- ☐ Hearing ☐ waived ☐ set for _____ ☐ continued until _____
- ☐ Set Attorney Flag and notify Federal Grievance Clerk

☐ SEE page II for ☐ conditions of bond ☐ additional proceedings

X By 3/23/2018 counsel will notify the court agreed upon disclosure dates of the PSI, dates of sentencing memorandums and sentencing date.

CONDITIONS OF BOND

☐ Travel restricted to Connecticut or extended to _____ upon obtaining permission from USPO. A motion for any other travel with copies to the Govt and to USPO must be filed and approved by the Court.

☐ Deft must reside at _____

☐ Deft must report to USPO _____ times a ☐ week ☐ month ☐ by telephone ☐ in person ☐ at USPO discretion.

☐ Deft ☐ must surrender passport by 4:00 p.m. on _____; ☐ Must not apply for a passport.

☐ Deft must refrain from the possession of firearms or dangerous weapons.

☐ Deft must maintain employment or actively seek employment.

☐ Deft must refrain from use or unlawful possession, or distribution of a narcotic drug.

☒ as set forth in the Order Setting Conditions of Release

☐

ADDITIONAL PROCEEDINGS

<input checked="" type="checkbox"/> Deft's oral motion <u>release on bond</u>	<input checked="" type="checkbox"/> granted	<input type="checkbox"/> denied	<input type="checkbox"/> advisement
<input type="checkbox"/> Deft's oral motion _____	<input type="checkbox"/> granted	<input type="checkbox"/> denied	<input type="checkbox"/> advisement
<input type="checkbox"/> Deft's oral motion _____	<input type="checkbox"/> granted	<input type="checkbox"/> denied	<input type="checkbox"/> advisement
<input type="checkbox"/> Deft's oral motion _____	<input type="checkbox"/> granted	<input type="checkbox"/> denied	<input type="checkbox"/> advisement
<input type="checkbox"/> Govt's oral motion _____	<input type="checkbox"/> granted	<input type="checkbox"/> denied	<input type="checkbox"/> advisement
<input type="checkbox"/> Govt's oral motion _____	<input type="checkbox"/> granted	<input type="checkbox"/> denied	<input type="checkbox"/> advisement
<input type="checkbox"/> Govt's oral motion _____	<input type="checkbox"/> granted	<input type="checkbox"/> denied	<input type="checkbox"/> advisement
<input type="checkbox"/> Govt's oral motion _____	<input type="checkbox"/> granted	<input type="checkbox"/> denied	<input type="checkbox"/> advisement
<input type="checkbox"/> # - Deft - _____ Motion _____	<input type="checkbox"/> granted	<input type="checkbox"/> denied	<input type="checkbox"/> advisement
<input type="checkbox"/> # - Deft - _____ Motion _____	<input type="checkbox"/> granted	<input type="checkbox"/> denied	<input type="checkbox"/> advisement
<input type="checkbox"/> # - Govt Motion - _____	<input type="checkbox"/> granted	<input type="checkbox"/> denied	<input type="checkbox"/> advisement
<input type="checkbox"/> # - Govt Motion - _____	<input type="checkbox"/> granted	<input type="checkbox"/> denied	<input type="checkbox"/> advisement
<input type="checkbox"/> _____	<input type="checkbox"/> filed	<input type="checkbox"/> granted	<input type="checkbox"/> denied <input type="checkbox"/> advisement
<input type="checkbox"/> _____	<input type="checkbox"/> filed	<input type="checkbox"/> granted	<input type="checkbox"/> denied <input type="checkbox"/> advisement
<input type="checkbox"/> _____	<input type="checkbox"/> filed	<input type="checkbox"/> granted	<input type="checkbox"/> denied <input type="checkbox"/> advisement
<input type="checkbox"/> _____	<input type="checkbox"/> filed	<input type="checkbox"/> granted	<input type="checkbox"/> denied <input type="checkbox"/> advisement
<input type="checkbox"/> _____	<input type="checkbox"/> filed	<input type="checkbox"/> granted	<input type="checkbox"/> denied <input type="checkbox"/> advisement

Notes:

EXHIBIT “9”

NOT A CERTIFIED COPY

UNITED STATES DISTRICT COURT

DISTRICT OF CONNECTICUT

U.S. District Court
Grand Jury No. 18-2

UNITED STATES OF AMERICA

CRIMINAL NO. 3:18-CR-48 (VAB)

v.

ROBERT V. MATTHEWS,
LESLIE R. EVANS, and
MARIA MATTHEWS,
also known as "Mia Matthews"

VIOLATION:

18 U.S.C. § 1343 (Wire Fraud)
18 U.S.C. § 1344 (Bank Fraud)
18 U.S.C. § 1349 (Conspiracy)
18 U.S.C. § 1957 (Illegal Monetary Transactions)
26 U.S.C. § 7201 (Tax Evasion)
18 U.S.C. § 2 (Aiding and Abetting)

SUPERSEDING INDICTMENT

The Grand Jury charges:

COUNTS ONE THROUGH EIGHT

(R. MATTHEWS and EVANS)
(Wire Fraud)

At all times relevant to this Indictment:

The Defendants

1. Defendant ROBERT V. MATTHEWS ("R. MATTHEWS") was a real estate developer and maintained personal residences in Connecticut and Florida.
2. Defendant LESLIE R. EVANS ("EVANS") was a real estate attorney and a resident of Florida.
3. Defendant MARIA MATTHEWS, also known as Mia Matthews ("M. MATTHEWS"), was married to R. MATTHEWS. M. MATTHEWS was an actress and maintained personal residences in Connecticut and Florida with R. MATTHEWS.

Other Relevant Individuals and Entities

4. Nicholas Laudano ("Laudano"), who is charged separately, was a construction contractor who worked as a contractor for the Palm House Hotel in Palm Beach, Florida. Laudano also operated multiple pizza restaurants in Florida and Connecticut. Laudano controlled a number of entities, including New Haven Contracting South Inc., NJL Development Group, LLC, NJL Development Group Inc., and NJL Investments.

5. Gerry Matthews ("G. Matthews"), who is charged separately, owned and operated a commercial real estate brokerage firm in Connecticut known as Matthews Commercial Properties, LLC ("MCP"). G. Matthews maintained a savings account for MCP at Webster Bank in Connecticut (the "MCP savings account"). G. Matthews is the brother of R. MATTHEWS.

EB-5 Funding

6. The EB-5 visa program ("EB-5 program") was a federal program by which foreign nationals and their families were eligible to apply for lawful permanent resident status (commonly known as a "green card") if they invested in a development project in the United States.

7. The particulars of the EB-5 program varied by project and location, but relevant to this Indictment, an investor was entitled to apply for a green card if, among other requirements, (1) the investor made a \$500,000 investment in a development project in the United States and (2) that project ultimately employed ten or more individuals.

8. Various entities in the United States acted as middlemen between potential foreign investors and investment projects. South Atlantic Regional Center, LLC ("SARC") was one such entity based in Palm Beach, Florida.

9. SARC's primary function was to advertise EB-5 projects to foreign investors, collect funds from foreign investors that were earmarked for certain development projects, and make that funding available to the respective development project.

The Palm House Hotel

10. The Palm House Hotel ("PHH") was located at 160 Royal Palm Way, Palm Beach, Florida.

11. The PHH was one development project advertised by SARC to EB-5 investors in or around 2012 through in or around 2014.

12. R. MATTHEWS was the developer in charge of the PHH development project.

13. R. MATTHEWS had a lengthy history with the PHH. He originally purchased the property in August 2006. R. MATTHEWS lost the PHH in foreclosure in 2009. In August 2013, R. MATTHEWS reacquired control of the PHH through an entity called Palm House, LLC. G. Matthews, however, was listed as owning 99% of Palm House, LLC in its incorporation documents. "Minority Owner-1," whose identity is known to the Grand Jury, had secured additional financing for R. MATTHEWS and owned the remaining 1%.

14. Laudano continuously worked on the development and construction of the PHH as a contractor beginning in or around 2006 through in or around 2016.

The Wire Fraud Scheme

15. Beginning in or around 2012 and continuing through in or around January 2018, in the District of Connecticut and elsewhere, R. MATTHEWS, EVANS, and others known and unknown to the Grand Jury, knowingly and with intent to defraud, devised and intended to devise, and participated in, a scheme and artifice to defraud and obtain money and property from SARC,

EB-5 investors, and others by means of materially false and fraudulent pretenses, representations and promises, and in furtherance of that scheme used and caused to be used interstate wires.

16. The purpose of the scheme and artifice was for R. MATTHEWS, EVANS, and others known and unknown to the Grand Jury to enrich themselves and their companies by defrauding the EB-5 investors, SARC, and others out of money and property owned by and under the control of the EB-5 investors, SARC, and others by means of materially false and fraudulent pretenses, representations, and promises.

Manner and Means of the Wire Fraud Scheme

The manner and means by which R. MATTHEWS, EVANS, their co-conspirators, agents, and others known and unknown to the Grand Jury sought to accomplish and did accomplish the objects of the wire fraud scheme included, among others, the following:

17. R. MATTHEWS, EVANS, their co-conspirators, agents, and others made several material misrepresentations to SARC, prospective EB-5 investors, and/or Minority Owner-1, including that (i) the proceeds of the investment from EB-5 investors would be used to develop the PHH; (ii) certain well-known individuals would be on the PHH advisory board and certain well-known entertainers, businesspeople, and politicians “will be a part of the club”; and (iii) G. Matthews was a member of the Palm House, LLC management team and was the 99% owner of Palm House, LLC.

18. Despite those misrepresentations to the contrary, in truth, and as R. MATTHEWS and EVANS well knew, (i) R. MATTHEWS, EVANS, their co-conspirators, agents, and others used EB-5 funding for purposes not related to the PHH project, including for the personal gain of R. MATTHEWS and others; (ii) none of the proffered well-known individuals would be on the

PHH advisory board or would be members of the club; and (iii) while G. Matthews was the nominal 99% owner of Palm House, LLC, R. MATTHEWS controlled that company and it belonged to G. Matthews in name only.

19. EB-5 investors invested in the PHH project by providing money to accounts controlled by SARC. SARC, in turn, provided EB-5 money earmarked for use at the PHH either (1) into an account in the name of 160 Royal Palm LLC at Regions Bank in Florida that was controlled by R. MATTHEWS, EVANS, and their agents ("160 Royal Palm Account") or (2) into EVANS' Interest on Trust Account that was used to maintain his clients' funds at First United Bank in Florida (the "EVANS IOTA Account").

20. To use EB-5 funding for purposes not related to the PHH project, including for their own personal gain and the gain of others, R. MATTHEWS, EVANS, their co-conspirators, agents, and others wired EB-5 funds from the 160 Royal Palm Account and the EVANS IOTA Account into and through various accounts, including the following:

- a. G. Matthews' MCP Savings account located in Connecticut;
- b. An account at First Bank of the Palm Beaches in Florida in the name of New Haven Contracting South, which account was controlled by Laudano (the "NHCS First Bank Account");
- c. An account at Regions Bank in Florida in the name of New Haven Contracting South, which account was controlled by Laudano (the "NHCS Regions Account");

d. An account at First Bank of the Palm Beaches in Florida in the name of NJL Development LLC, which account was controlled by Laudano (the “NJL Development First Bank Account”);

e. An account at Wells Fargo in Florida in the name of NJL Development Group, Inc., which account was controlled by Laudano (the “NJL Development Wells Fargo Account”);

f. An account at Regions Bank in Florida in the name of Bonaventure 22 LLC, which account was controlled by R. MATTHEWS and M. MATTHEWS (the “Bonaventure Regions Account”); and

g. An account at Regions Bank in Florida in the name of Mirabia LLC, which account was controlled by R. MATTHEWS and M. MATTHEWS (the “Mirabia Regions Account”).

21. G. Matthews, acting at R. MATTHEWS’ direction, used the diverted EB-5 funds in G. Matthews’ MCP Savings account for the benefit of R. MATTHEWS and G. MATTHEWS, including by paying the credit card debts of R. MATTHEWS and M. MATTHEWS and moving the money into other accounts controlled by R. MATTHEWS and M. MATTHEWS.

22. In or around February 2014 and April 2014, R. MATTHEWS, EVANS, their co-conspirators, agents, and others purchased the property located at 115 Lower Church Hill Road, Washington Depot, Connecticut out of a foreclosure auction with EB-5 money diverted from the PHH project by using a straw company, NJL Development Group, LLC, which was under the control of Laudano.

23. R. MATTHEWS and M. MATTHEWS used EB-5 funds in the Bonaventure Regions Account and the Mirabia Regions Account to support their own and their family's lifestyle, including but not limited to the purchase of a property located at 105 Lower Church Hill Road, Washington Depot, Connecticut, in or around May 2014 and June 2014.

24. In or around June 2014, R. MATTHEWS and others purchased a one hundred and fifty-one-foot yacht through a down payment made with EB-5 money and a loan as well as the use of companies that were controlled by R. MATTHEWS and others.

Executions of the Wire Fraud Scheme

25. On or about the dates set forth in each count below, in the District of Connecticut and elsewhere, for the purpose of executing and attempting to execute the aforementioned scheme and artifice to defraud and to obtain money and property by means of materially false and fraudulent pretenses, representations, and promises as described above, R. MATTHEWS and EVANS did knowingly transmit and cause to be transmitted, by means of wire communication in interstate and foreign commerce, certain writings, signs, signals and sounds, each wiring as set forth below constitution a separate count of this Indictment:

Count	Date	Description of Use of Interstate Wires
1	2/1/14	An email sent from R. MATTHEWS' email account in Florida to G. Matthews' email account in Connecticut forwarding login instructions to bid on the property at 115 Lower Church Hill Road.
2	2/3/14	A wire for \$136,237.50 from the EVANS IOTA account in Florida to an account at Farmington Savings Bank in Connecticut for the purchase of 115 Lower Church Hill Road by NJL Development Group, LLC.
3	2/5/14	A wire in the amount of \$8,592.40 of EB-5 money sent from the 160 Royal Palm Account in Florida to the MCP Savings account in Connecticut.

Count	Date	Description of Use of Interstate Wires
4	4/29/14	An email sent from an account in the name of an individual with the initials M.P. in Connecticut to Laudano's email account in Florida with documents related to the purchase of 115 Lower Church Hill Road, which was purchased with EB-5 funds.
5	6/30/14	A check in the amount of \$12,717.46, which caused the use of interstate wires in moving money from the 160 Royal Palm Account in Florida to the MCP Savings account in Connecticut.
6	6/30/14	A check in the amount of \$10,837.86, which caused use of the interstate wires in moving money to move from the 160 Royal Palm Account in Florida to the MCP Savings account in Connecticut.
7	10/20/14	An email sent from the account of an individual working for R. MATTHEWS in Florida to G. Matthews' email account in Connecticut, blind copying R. MATTHEWS' email account and attaching a letter relieving Minority-Owner-1 of his position as Manager of Palm House, LLC.
8	10/21/14	An email sent from G. Matthews' email account in Connecticut to EVANS' email account, appointing EVANS as the managing member of Palm House LLC.

All in violation of Title 18, United States Code, Section 1343.

COUNT NINE

(R. MATTHEWS and EVANS)
(Bank Fraud)

26. Paragraphs 1 through 25 of this Indictment are reincorporated as if fully set forth herein.

Background on 115 Lower Church Hill Road

27. R. MATTHEWS purchased two properties in or around January 2001 for \$3,900,000: 115 Lower Church Hill Road and 101 Lower Church Hill Road, both in Washington Depot, Connecticut. These purchases were initially financed with a \$2,000,000 mortgage and two lines of credit worth \$400,000 and \$375,000.

28. On or about May 24, 2004, R. MATTHEWS refinanced 115 Lower Church Hill Road with Washington Mutual Bank for \$3,600,000. That loan was later assigned to JPMorgan Chase Bank NA ("JPMC"), a bank whose deposits were insured by the Federal Deposit Insurance Corporation.

29. In or about September 2013, JPMC foreclosed on the loan and took ownership of 115 Lower Church Hill Road. That property was then placed for foreclosure sale at auction by Ten-x d/b/a Auction.com (hereinafter "Auction.com").

The Bank Fraud Scheme

30. Beginning in or about 2012 and continuing through in or about April 2016, in the District of Connecticut and elsewhere, R. MATTHEWS, EVANS, and others known and unknown to the Grand Jury, knowingly and with intent to defraud devised and intended to devise, and participated in, a scheme and artifice to defraud JPMC, a federally insured financial institution, and to obtain moneys, funds, credits, assets, and other property owned by or under the custody or control of JPMC, by means of materially false and fraudulent pretenses representations, and promises, and by means of omissions of material fact.

31. The purpose of the bank fraud scheme was to deceive JPMC, which had foreclosed on R. MATTHEWS' property at 115 Lower Church Hill Road, into re-selling the property to R. MATTHEWS, through a straw purchaser, at a significant loss, thereby permitting R. MATTHEWS, M. MATTHEWS, and others to continue to live there and act as owners of the property.

Manner and Means of the Bank Fraud Scheme

The manner and means by which R. MATTHEWS, EVANS, their co-conspirators, agents, and others known and unknown to the Grand Jury sought to accomplish and did accomplish the objects of the bank fraud scheme included, among others, the following:

32. R. MATTHEWS, EVANS, their co-conspirators, agents and others entered into an arrangement among themselves and with Laudano whereby:

a. Laudano would purchase out of foreclosure, through a shell company, the property at 115 Lower Church Hill Road from JPMC at a significant discount, using EB-5 money from R. MATTHEWS that R. MATTHEWS had diverted from the PHH project;

b. R. MATTHEWS would continue to live at the property with his family and to act as owner of the property; and

c. R. MATTHEWS, EVANS, and Laudano would conceal from JPMC the fact that Laudano was purchasing 115 Lower Church Hill Road with money provided by R. MATTHEWS and that R. MATTHEWS would control the property through Laudano, knowing that JPMC would not have sold the property to Laudano if they knew of the source of the funds and Laudano's relationship with R. MATTHEWS.

33. On or about February 3, 2014, R. MATTHEWS, EVANS, Laudano, their co-conspirators, agents, and others established NJL Development Group, LLC in the state of Delaware under the control of Laudano, with the intent to use NJL Development Group, LLC as a shell company to conceal R. MATTHEWS' involvement and the source of funds in the purchase of 115 Lower Church Hill Road.

34. In or around February 2014, R. MATTHEWS, EVANS, Laudano, their co-conspirators, agents, and others in fact arranged the purchase of 115 Lower Church Hill Road from JPMC through the straw entity NJL Development Group, LLC, which was controlled by Laudano, to conceal R. MATTHEWS' involvement in the transaction as well as the source of funds.

35. In or around February 2014, Laudano executed a sales agreement with JPMC to purchase 115 Lower Church Hill Road. On page 5 of the sales agreement under section 5(i), the parties to the sales contract agreed that JPMC had the right to terminate the agreement if the buyer (Laudano and NJL Development Group, LLC) was the former mortgagor (R. MATTHEWS) of the property whose interest was foreclosed/acquired by a deed-in-lieu of foreclosure, or is related to or affiliated in any way with the former mortgager, and the buyer has not disclosed this fact to the seller (JPMC) in writing prior to the seller's acceptance of the agreement. Notwithstanding this provision, neither Laudano nor R. MATTHEWS disclosed to JPMC their relationship or the source of the purchase funds.

36. On or about February 3, 2014, R. MATTHEWS, EVANS, Laudano, their co-conspirators, agents and others sent and caused to be sent a letter from EVANS to Auction.com. In the letter, EVANS falsely and fraudulently represented to Auction.com that Laudano and his company NJL Development Group, LLC had provided \$2,750,000.00 to EVANS, from which the down payment for the property at 115 Lower Church Hill Road would be drawn. In fact, at no point did either Laudano or NJL Development Group, LLC provide \$2,750,000.00 to EVANS. Instead, the down payment for the property came from comingled client funds in the EVANS IOTA Account.

37. On or about February 3, 2014, R. MATTHEWS, EVANS, their co-conspirators, agents and others wired and caused to be wired \$136,237.50 from the EVANS IOTA Account in Florida to an account at Farmington Savings Bank in Connecticut for the down payment on the property at 115 Lower Church Hill Road.

38. On or about April 2, 2014, Laudano opened the NHCS First Bank Account.

39. On or about April 30, 2014, Laudano opened the NJL Development First Bank Account.

40. On or about April 29, 2014, R. MATTHEWS, EVANS, Laudano their co-conspirators, agents and others diverted \$2,650,000 of EB-5 money (earmarked for the PHH) from the 160 Royal Palm Account to the NHCS First Bank Account.

41. On or about April 30, 2014, R. MATTHEWS, EVANS, Laudano, their co-conspirators, agents and others transferred, and caused the transfer of, \$2,655,000 from the NHCS First Bank Account to the NJL Development First Bank Account.

42. On or about April 30, 2014, R. MATTHEWS, EVANS, Laudano, their co-conspirators, agents and others wired, and caused the wiring of, \$2,601,646 from the NJL Development First Bank Account to a bank account in Connecticut to purchase the property at 115 Lower Church Hill Road.

All in violation of Title 18, United States Code, Sections 1344 and 2.

COUNT TEN
(R. MATTHEWS and EVANS)
(Conspiracy to Commit Wire Fraud and Bank Fraud)

43. Paragraphs 1 through 42 of this Indictment are reincorporated as if fully set forth herein.

44. Beginning in or about 2012 through in or about January 2018, in the District of Connecticut and elsewhere, R. MATTHEWS and EVANS, together with others known and unknown to the Grand Jury, did knowingly combine, conspire, confederate, and agree together and with each other, to commit offenses against the United States as follows:

a. to devise and intend to devise a scheme and artifice to defraud and to obtain money and property by means of materially false and fraudulent pretenses, representations, and promises and for the purpose of executing and attempting to execute the scheme and artifice to knowingly transmit, and cause to be transmitted, by means of wire communication in interstate and foreign commerce, certain writings, signs, signals and sounds, in violation of Title 18, United States Code, Section 1343; and

b. to devise and intend to devise a scheme and artifice to defraud JPMC, a federally insured financial institution, and to obtain money, funds, credits, assets, and other property owned by and under the custody and control of JPMC, by means of materially false and fraudulent, pretenses, representations, and promises, in violation of Title 18, United States Code Sections 1344(1) and (2).

All in violation of Title 18, United States Code, Section 1349.

COUNTS ELEVEN THROUGH SIXTEEN

(R. MATTHEWS and EVANS)

(Illegal Monetary Transactions Using Wire Fraud Proceeds)

45. Paragraphs 1 through 44 of this Indictment are reincorporated as if fully set forth herein.

46. On or about the dates set forth in each count below, in the District of Connecticut and elsewhere, the defendant named in each count did knowingly engage, and aided and abetted and caused others to engage, in monetary transactions in criminally derived property of a value greater than \$10,000 involving financial institutions that are engaged in, and the activities of which affect, interstate commerce, such property having been derived from a specified unlawful activity—namely wire fraud in violation of Title 18, United States Code, Section 1343—as follows:

Count	Date	Defendant Charged	Charged Monetary Transaction	Origin of Funds
11	1/8/14	R. MATTHEWS	A \$25,000 wire from the NHCS Regions Account to G. Matthews' MCP Savings account.	A transfer of \$50,000 of EB-5 money from the 160 Royal Palm Account into the NHCS Regions Account on or about January 7, 2014.
12	4/30/14	R. MATTHEWS and EVANS	A \$2,601,646.32 wire from the NJL Development First Bank Account to an account at Webster Bank in Connecticut.	A wire of \$2,650,000 of EB-5 money from the 160 Royal Palm Account to the NHCS First Bank Account on or about April 29, 2014, and then a subsequent transfer of \$2,655,000 from the NHCS First Bank Account to the NJL Development First Bank Account on or about April 30, 2014.
13	5/2/14	R. MATTHEWS	A \$50,000 wire from NJL Development-1 Account to G. Matthews' MCP Savings account.	

Count	Date	Defendant Charged	Charged Monetary Transaction	Origin of Funds
14	5/27/14	R. MATTHEWS	A \$100,000 wire from the Bonaventure Regions Account to a Webster Bank account in Woodbury, Connecticut for the purchase of the property at 105 Lower Church Hill Road, Washington Depot, Connecticut.	A transfer of \$1,100,000 of EB-5 money from the 160 Royal Palm Account to the Bonaventure Regions Account on or about May 27, 2014.
15	6/23/14	R. MATTHEWS	A \$454,715.53 wire from the Bonaventure Regions Account to a Webster Bank account in Woodbury, Connecticut for the purchase of the property at 105 Lower Church Hill Road, Washington Depot, Connecticut.	
16	6/23/14	R. MATTHEWS	A \$300,000 wire from the Bonaventure Regions Account to G. Matthews' MCP Savings account.	

All in violation of Title 18, United States Code, Sections 1957 and 2.

COUNTS SEVENTEEN THROUGH TWENTY

(R. MATTHEWS)

(Illegal Monetary Transactions Using Bank Fraud Proceeds)

47. Paragraphs 1 through 46 of this Indictment are reincorporated as if fully set forth herein.

48. In or about November 2014, several months following the purchase of 115 Lower Church Hill Road from JPMC through straw buyer NJL Development Group, LLC, R.

MATTHEWS, his co-conspirators, agents, and others took out a loan secured by 115 Lower Church Hill Road from an individual with the initials K.M.

49. On or about November 23 and 24, 2014, the loan proceeds were transferred from an account at Webster Bank, which is a federally insured financial institution in Connecticut, to various accounts controlled by Laudano, and then to several other accounts, all at the direction of R. MATTHEWS, Laudano and other co-conspirators.

Transactions in Criminally Derived Proceeds

50. On or about the dates set forth in each count below, R. MATTHEWS did knowingly engage, and aided and abetted and caused others to engage, in monetary transactions in criminally derived property of a value greater than \$10,000 involving financial institutions that are engaged in, and the activities of which affect, interstate commerce, such property having been derived from a specified unlawful activity—namely bank fraud in violation of Title 18, United States Code, Section 1344—as follows:

Count	Date	Monetary Transaction	Origin of Funds
17	11/24/14	A \$140,000 wire from an account at Webster Bank in Connecticut to the NHCS First Bank Account.	Proceeds from the loan secured by 115 Lower Church Hill Road ("loan proceeds").
18	11/24/14	A \$1,034,712.91 wire from an account at Webster Bank in Connecticut to the NJL Development Wells Fargo Account.	
19	11/28/14	A \$100,000 wire from the Mirabia Regions Account to an account at TD Bank located in Connecticut.	A November 25, 2014 wire of \$825,000 in loan proceeds into the Mirabia Regions Account.
20	11/28/14	A \$211,864.58 wire from the Mirabia Regions Account to an account at TD Bank located in Connecticut.	

All in violation of Title 18, United States Code, Sections 1957 and 2.

COUNT TWENTY-ONE
(R. MATTHEWS and M. MATTHEWS)
(Tax Evasion)

51. Paragraphs 1 through 50 are reincorporated as if fully set forth herein.

52. On May 16, 2014, Mirabia LLC was formed as a limited liability company under the laws of the State of Delaware ("Mirabia Delaware"). Mirabia Delaware was formed at the direction of R. MATTHEWS with one member, with initials "J.Y." J.Y. worked as R. MATTHEWS' assistant. The same day, again at R. MATTHEWS' direction, J.Y. executed a transfer of Mirabia Delaware to M. MATTHEWS, who then became its sole member. Mirabia Delaware was controlled by R. MATTHEWS and M. MATTHEWS.

53. From in or about 2009 through in or about March 2017, in the District of Connecticut and elsewhere, R. MATTHEWS and M. MATTHEWS willfully attempted to evade and defeat the payment of income tax due and owing by them to the United States of America, for the calendar years 2005 and 2007, and aided and abetted each other to do the same, by committing the following affirmative acts, among others:

a. From in or about 2012 through in or about 2016, R. MATTHEWS and G. Matthews used the MCP Savings Account to pay R. MATTHEWS' and M. MATTHEWS' personal expenses.

b. In or about October 2013 and May 2014, R. MATTHEWS used EB-5 investor funds that did not pass through an account in his name to pay back a personal loan he owed to an individual with the initials L.M.

c. From in or about February 2014 through in or about April 2014, R. MATTHEWS, EVANS and others conspired to purchase 115 Lower Church Hill Road out of foreclosure through the use of NJL Development Group, LLC.

d. From in or about December 2013 through in or about March 2014, R. MATTHEWS used funds from the EVANS IOTA Account to make mortgage and tax payments associated with his personal residence in Palm Beach, Florida.

e. In or around May and June 2014, R. MATTHEWS and M. MATTHEWS purchased a property located at 105 Lower Church Hill Road, Washington Depot, Connecticut, in the name of Mirabia Delaware.

f. In or around November 2014, R. MATTHEWS and M. MATTHEWS executed documents to obtain a loan secured by 115 Lower Church Hill Road from an individual with the initials K.M. The proceeds of the loan were disbursed into the Mirabia Regions Account where they were used for personal expenses of R. MATTHEWS and M. MATTHEWS.

g. In or around March 2015, R. MATTHEWS and M. MATTHEWS executed documents to obtain a loan secured by 105 Lower Church Hill Road, Washington Depot, Connecticut from Highland Financial Associates in Connecticut. The proceeds of the loan were disbursed into the Mirabia Regions Account where they were used for personal expenses of R. MATTHEWS and M. MATTHEWS.

h. On or about August 23, 2016, R. MATTHEWS and M. MATTHEWS received notice from the IRS that a failure to pay their delinquent income tax liabilities by September 2, 2016, would result in the seizure of all of their assets. On or about

September 2, 2016, R. MATTHEWS sold a Mercedes for \$82,000 and, after paying off a lien, cause the proceeds of the sale to be wired into the EVANS IOTA Account.

All in violation of Title 26, United States Code, Section 7201, and Title 18, United States Code, Section 2.

A TRUE BILL

/s/

FOREPERSON

UNITED STATES OF AMERICA


JOHN H. DURHAM
UNITED STATES ATTORNEY


JOHN T. PIERPONT, JR.
ASSISTANT U.S. ATTORNEY


DAVID E. NOVICK
ASSISTANT U.S. ATTORNEY

EXHIBIT “11”

NOT A CERTIFIED COPY

Fill in this information to identify your case:

United States Bankruptcy Court for the:

SOUTHERN DISTRICT OF FLORIDA

Case number (if known) _____

Chapter you are filing under:

☐ Chapter 7☒ Chapter 11☐ Chapter 12☐ Chapter 13☐ Check if this is an amended filing**Official Form 101****Voluntary Petition for Individuals Filing for Bankruptcy**

12/15

The bankruptcy forms use you and Debtor 1 to refer to a debtor filing alone. A married couple may file a bankruptcy case together—called a *joint case*—and in joint cases, these forms use you to ask for information from both debtors. For example, if a form asks, "Do you own a car," the answer would be yes if either debtor owns a car. When information is needed about the spouses separately, the form uses *Debtor 1* and *Debtor 2* to distinguish between them. In joint cases, one of the spouses must report information as *Debtor 1* and the other as *Debtor 2*. The same person must be *Debtor 1* in all of the forms.

Be as complete and accurate as possible. If two married people are filing together, both are equally responsible for supplying correct information. If more space is needed, attach a separate sheet to this form. On the top of any additional pages, write your name and case number (if known). Answer every question.

Part 1: Identify Yourself**About Debtor 1:****About Debtor 2 (Spouse Only in a Joint Case):****1. Your full name**

Write the name that is on your government-issued picture identification (for example, your driver's license or passport).

Bring your picture identification to your meeting with the trustee.

Robert

First name

Middle name

Matthews

Last name and Suffix (Sr., Jr., II, III)

First name

Middle name

Last name and Suffix (Sr., Jr., II, III)

2. All other names you have used in the last 8 years

Include your married or maiden names.

Robert V. Matthews**Bob Matthews****3. Only the last 4 digits of your Social Security number or federal Individual Taxpayer Identification number (ITIN)**

[REDACTED]

Debtor 1 **Robert Matthews**

Case number (if known)

About Debtor 1:**About Debtor 2 (Spouse Only in a Joint Case):**

4. Any business names and Employer Identification Numbers (EIN) you have used in the last 8 years

☒ I have not used any business name or EINs.

☐ I have not used any business name or EINs.

Include trade names and doing business as names

Business name(s)

Business name(s)

EINs

EINs

5. Where you live

101 Casa Bendita
Palm Beach, FL 33480

Number, Street, City, State & ZIP Code

If Debtor 2 lives at a different address:

Number, Street, City, State & ZIP Code

Palm Beach

County

County

If your mailing address is different from the one above, fill it in here. Note that the court will send any notices to you at this mailing address.

If Debtor 2's mailing address is different from yours, fill it in here. Note that the court will send any notices to this mailing address.

Number, P.O. Box, Street, City, State & ZIP Code

Number, P.O. Box, Street, City, State & ZIP Code

6. Why you are choosing this district to file for bankruptcy

Check one:

☒ Over the last 180 days before filing this petition, I have lived in this district longer than in any other district.

☐ I have another reason.
Explain. (See 28 U.S.C. § 1408.)

Check one:

☐ Over the last 180 days before filing this petition, I have lived in this district longer than in any other district.

☐ I have another reason.
Explain. (See 28 U.S.C. § 1408.)

Debtor 1 **Robert Matthews**

Case number (if known)

Part 2 Tell the Court About Your Bankruptcy Case

7. The chapter of the Bankruptcy Code you are choosing to file under
- Check one. (For a brief description of each, see *Notice Required by 11 U.S.C. § 342(b) for Individuals Filing for Bankruptcy (Form 2010)*). Also, go to the top of page 1 and check the appropriate box.

- ☐ Chapter 7
- ☒ Chapter 11
- ☐ Chapter 12
- ☐ Chapter 13

8. How you will pay the fee ☒ I will pay the entire fee when I file my petition. Please check with the clerk's office in your local court for more details about how you may pay. Typically, if you are paying the fee yourself, you may pay with cash, cashier's check, or money order. If your attorney is submitting your payment on your behalf, your attorney may pay with a credit card or check with a pre-printed address.
- ☐ I need to pay the fee in installments. If you choose this option, sign and attach the *Application for Individuals to Pay The Filing Fee in Installments* (Official Form 103A).
- ☐ I request that my fee be waived (You may request this option only if you are filing for Chapter 7. By law, a judge may, but is not required to, waive your fee, and may do so only if your income is less than 150% of the official poverty line that applies to your family size and you are unable to pay the fee in installments). If you choose this option, you must fill out the *Application to Have the Chapter 7 Filing Fee Waived* (Official Form 103B) and file it with your petition.

9. Have you filed for bankruptcy within the last 8 years?
- ☐ No.
- ☒ Yes.

District	Southern District	When	7/05/17	Case number	17-18453
District	Florida, Palm Beach	When		Case number	
District		When		Case number	

10. Are any bankruptcy cases pending or being filed by a spouse who is not filing this case with you, or by a business partner, or by an affiliate?
- ☒ No
- ☐ Yes.

Debtor		Relationship to you	
District		When	
Case number, if known			
Debtor		Relationship to you	
District		When	
Case number, if known			

11. Do you rent your residence?
- ☒ No. Go to line 12.
- ☐ Yes. Has your landlord obtained an eviction judgment against you and do you want to stay in your residence?
- ☐ No. Go to line 12.
- ☐ Yes. Fill out *Initial Statement About an Eviction Judgment Against You* (Form 101A) and file it with this bankruptcy petition.

Debtor 1 **Robert Matthews**

Case number (if known) _____

Part 3: Report About Any Businesses You Own as a Sole Proprietor

12. Are you a sole proprietor of any full- or part-time business?

☒ No. Go to Part 4.

☐ Yes. Name and location of business

A sole proprietorship is a business you operate as an individual, and is not a separate legal entity such as a corporation, partnership, or LLC.

If you have more than one sole proprietorship, use a separate sheet and attach it to this petition.

Name of business, if any

Number, Street, City, State & ZIP Code

Check the appropriate box to describe your business:

- ☐ Health Care Business (as defined in 11 U.S.C. § 101(27A))
☐ Single Asset Real Estate (as defined in 11 U.S.C. § 101(51B))
☐ Stockbroker (as defined in 11 U.S.C. § 101(53A))
☐ Commodity Broker (as defined in 11 U.S.C. § 101(6))
☐ None of the above

13. Are you filing under Chapter 11 of the Bankruptcy Code and are you a small business debtor?

If you are filing under Chapter 11, the court must know whether you are a small business debtor so that it can set appropriate deadlines. If you indicate that you are a small business debtor, you must attach your most recent balance sheet, statement of operations, cash-flow statement, and federal income tax return or if any of these documents do not exist, follow the procedure in 11 U.S.C. 1116(1)(B).

For a definition of *small business debtor*, see 11 U.S.C. § 101(51D).

☐ No. I am not filing under Chapter 11.

☒ No. I am filing under Chapter 11, but I am NOT a small business debtor according to the definition in the Bankruptcy Code.

☐ Yes. I am filing under Chapter 11 and I am a small business debtor according to the definition in the Bankruptcy Code.

Part 4: Report if You Own or Have Any Hazardous Property or Any Property That Needs Immediate Attention

14. Do you own or have any property that poses or is alleged to pose a threat of imminent and identifiable hazard to public health or safety? Or do you own any property that needs immediate attention?

☒ No.

☐ Yes.

What is the hazard?

If immediate attention is needed, why is it needed?

For example, do you own perishable goods, or livestock that must be fed, or a building that needs urgent repairs?

Where is the property?

Number, Street, City, State & Zip Code

Debtor 1 **Robert Matthews**

Case number (if known)

Part 5: Explain Your Efforts to Receive a Briefing About Credit Counseling**15. Tell the court whether you have received a briefing about credit counseling.**

The law requires that you receive a briefing about credit counseling before you file for bankruptcy. You must truthfully check one of the following choices. If you cannot do so, you are not eligible to file.

If you file anyway, the court can dismiss your case, you will lose whatever filing fee you paid, and your creditors can begin collection activities again.

About Debtor 1:

You must check one:

- ☒ I received a briefing from an approved credit counseling agency within the 180 days before I filed this bankruptcy petition, and I received a certificate of completion.

Attach a copy of the certificate and the payment plan, if any, that you developed with the agency.

- ☐ I received a briefing from an approved credit counseling agency within the 180 days before I filed this bankruptcy petition, but I do not have a certificate of completion.

Within 14 days after you file this bankruptcy petition, you MUST file a copy of the certificate and payment plan, if any.

- ☐ I certify that I asked for credit counseling services from an approved agency, but was unable to obtain those services during the 7 days after I made my request, and exigent circumstances merit a 30-day temporary waiver of the requirement.

To ask for a 30-day temporary waiver of the requirement, attach a separate sheet explaining what efforts you made to obtain the briefing, why you were unable to obtain it before you filed for bankruptcy, and what exigent circumstances required you to file this case.

Your case may be dismissed if the court is dissatisfied with your reasons for not receiving a briefing before you filed for bankruptcy. If the court is satisfied with your reasons, you must still receive a briefing within 30 days after you file. You must file a certificate from the approved agency, along with a copy of the payment plan you developed, if any. If you do not do so, your case may be dismissed.

Any extension of the 30-day deadline is granted only for cause and is limited to a maximum of 15 days.

- ☐ I am not required to receive a briefing about credit counseling because of:
- ☐ **Incapacity.**
I have a mental illness or a mental deficiency that makes me incapable of realizing or making rational decisions about finances.
 - ☒ **Disability.**
My physical disability causes me to be unable to participate in a briefing in person, by phone, or through the Internet, even after I reasonably tried to do so.
 - ☐ **Active duty.**
I am currently on active military duty in a military combat zone.

If you believe you are not required to receive a briefing about credit counseling, you must file a motion for waiver credit counseling with the court.

About Debtor 2 (Spouse Only In a Joint Case):

You must check one:

- ☐ I received a briefing from an approved credit counseling agency within the 180 days before I filed this bankruptcy petition, and I received a certificate of completion.

Attach a copy of the certificate and the payment plan, if any, that you developed with the agency.

- ☐ I received a briefing from an approved credit counseling agency within the 180 days before I filed this bankruptcy petition, but I do not have a certificate of completion.

Within 14 days after you file this bankruptcy petition, you MUST file a copy of the certificate and payment plan, if any.

- ☐ I certify that I asked for credit counseling services from an approved agency, but was unable to obtain those services during the 7 days after I made my request, and exigent circumstances merit a 30-day temporary waiver of the requirement.

To ask for a 30-day temporary waiver of the requirement, attach a separate sheet explaining what efforts you made to obtain the briefing, why you were unable to obtain it before you filed for bankruptcy, and what exigent circumstances required you to file this case.

Your case may be dismissed if the court is dissatisfied with your reasons for not receiving a briefing before you filed for bankruptcy.

If the court is satisfied with your reasons, you must still receive a briefing within 30 days after you file. You must file a certificate from the approved agency, along with a copy of the payment plan you developed, if any. If you do not do so, your case may be dismissed.

Any extension of the 30-day deadline is granted only for cause and is limited to a maximum of 15 days.

- ☐ I am not required to receive a briefing about credit counseling because of:
- ☐ **Incapacity.**
I have a mental illness or a mental deficiency that makes me incapable of realizing or making rational decisions about finances.
 - ☐ **Disability.**
My physical disability causes me to be unable to participate in a briefing in person, by phone, or through the Internet, even after I reasonably tried to do so.
 - ☐ **Active duty.**
I am currently on active military duty in a military combat zone.

If you believe you are not required to receive a briefing about credit counseling, you must file a motion for waiver of credit counseling with the court.

Debtor 1 **Robert Matthews**

Case number (if known)

Part 6: Answer These Questions for Reporting Purposes

16. What kind of debts do you have?
- 16a. Are your debts primarily consumer debts? *Consumer debts* are defined in 11 U.S.C. § 101(8) as "incurred by an individual primarily for a personal, family, or household purpose."
- ☐ No. Go to line 16b.
- ☒ Yes. Go to line 17.
- 16b. Are your debts primarily business debts? *Business debts* are debts that you incurred to obtain money for a business or investment or through the operation of the business or investment.
- ☐ No. Go to line 16c.
- ☐ Yes. Go to line 17.
- 16c. State the type of debts you owe that are not consumer debts or business debts
-
17. Are you filing under Chapter 7?
- ☒ No. I am not filing under Chapter 7. Go to line 18.
- Do you estimate that after any exempt property is excluded and administrative expenses are paid that funds will be available for distribution to unsecured creditors?
- ☐ Yes. I am filing under Chapter 7. Do you estimate that after any exempt property is excluded and administrative expenses are paid that funds will be available to distribute to unsecured creditors?
- ☐ No
- ☐ Yes
-
18. How many Creditors do you estimate that you owe?
- ☒ 1-49 ☐ 1,000-5,000 ☐ 25,001-50,000
- ☐ 50-99 ☐ 5,001-10,000 ☐ 50,001-100,000
- ☐ 100-199 ☐ 10,001-25,000 ☐ More than 100,000
- ☐ 200-999
-
19. How much do you estimate your assets to be worth?
- ☐ \$0 - \$50,000 ☐ \$1,000,001 - \$10 million ☐ \$500,000,001 - \$1 billion
- ☒ \$50,001 - \$100,000 ☐ \$10,000,001 - \$50 million ☐ \$1,000,000,001 - \$10 billion
- ☐ \$100,001 - \$500,000 ☐ \$50,000,001 - \$100 million ☐ \$10,000,000,001 - \$50 billion
- ☐ \$500,001 - \$1 million ☐ \$100,000,001 - \$500 million ☐ More than \$50 billion
-
20. How much do you estimate your liabilities to be?
- ☐ \$0 - \$50,000 ☐ \$1,000,001 - \$10 million ☐ \$500,000,001 - \$1 billion
- ☒ \$50,001 - \$100,000 ☐ \$10,000,001 - \$50 million ☐ \$1,000,000,001 - \$10 billion
- ☐ \$100,001 - \$500,000 ☐ \$50,000,001 - \$100 million ☐ \$10,000,000,001 - \$50 billion
- ☐ \$500,001 - \$1 million ☐ \$100,000,001 - \$500 million ☐ More than \$50 billion

Part 7: Sign Below

For you

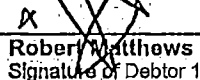
I have examined this petition, and I declare under penalty of perjury that the information provided is true and correct.

If I have chosen to file under Chapter 7, I am aware that I may proceed, if eligible, under Chapter 7, 11, 12, or 13 of title 11, United States Code. I understand the relief available under each chapter, and I choose to proceed under Chapter 7.

If no attorney represents me and I did not pay or agree to pay someone who is not an attorney to help me fill out this document, I have obtained and read the notice required by 11 U.S.C. § 342(b).

I request relief in accordance with the chapter of title 11, United States Code, specified in this petition.

I understand making a false statement, concealing property, or obtaining money or property by fraud in connection with a bankruptcy case can result in fines up to \$250,000, or imprisonment for up to 20 years, or both. 18 U.S.C. §§ 152, 1341, 1519, and 3571.


Robert Matthews
 Signature of Debtor 1

Signature of Debtor 2

Executed on **November 5, 2017**
 MM/DD/YYYY

Executed on _____
 MM/DD/YYYY

Debtor 1 Robert Matthews

Case number (if known) _____

For your attorney, if you are represented by one

If you are not represented by an attorney, you do not need to file this page.

I, the attorney for the debtor(s) named in this petition, declare that I have informed the debtor(s) about eligibility to proceed under Chapter 7, 11, 12, or 13 of title 11, United States Code, and have explained the relief available under each chapter for which the person is eligible. I also certify that I have delivered to the debtor(s) the notice required by 11 U.S.C. § 342(b) and, in a case in which § 707(b)(4)(D) applies, certify that I have no knowledge after an inquiry that the information in the schedules filed with the petition is incorrect.

/s/ Christian Panagakos

Date

November 5, 2017

Signature of Attorney for Debtor

MM / DD / YYYY

Christian Panagakos 065579

Printed name

Florida Bankruptcy Advisors, P.L.

Firm name

120 E. Oakland Park Blvd.,Suite 207Fort Lauderdale, FL 33334

Number, Street, City, State & ZIP Code

Contact phone 954-600-8990

Email address

cp@FloridaBankruptcyAdvisors.com065579

Bar number & State

EXHIBIT “12”

NOT A CERTIFIED COPY



South Atlantic Regional Center

Palm House F.A.Q. **棕榈渡假屋项目的常见问题**

Q1. Where is the Project Located?

The project is located on the prestigious Palm Beach Island in South Florida at 160 Royal Palm Ave, Palm Beach, Florida, USA.

项目位于哪个地区？

项目是位于南佛罗里达州著名的棕榈滩岛上，皇家棕榈大道第 160 号。

Q2. How much money will the project seek to raise?

The Project will use a total of \$91,000,000 USD. The Developer has already invested \$22,000,000 USD of his own equity. There is also a Bridge Loan funding of \$29,500,000 to ensure the continuation of the construction of the project as the EB5 Funding is being raised. A total of \$39,500,000 USD will be sought in EB5 Funding. A summary Source of Funds can be found in the table below or in the Investment Portfolio on page 171.

项目需要筹集多少资金？

项目需要用到 91,000,000 美元。开发商已经运用了私人财产投资了 22,000,000 美元。此外，项目还有一个 29,500,000 美元的过桥贷款，以确保在筹集 EB5 资金的同时，项目建设的可以正常进行。项目方希望通过 EB5 筹集到共 39,500,000 美元。有关资金来源的概要，请参阅以下列表或投资组合中的第 171 页。

Source of funds	Amount	Percentage
EB5 Capital	\$39,500,000	43.4%
Developer Equity	\$22,000,000	24.2%
Bank financing	\$29,500,000	32.4%
TOTAL	\$91,000,000	100%

Q3. When will the Palm House Project be open for business?

Current projects have the finishing of the Palm House Hotel for "Season" of 2013. Generally "Season" in Palm Beach begins just after the Christmas Holiday. The Building also has received Permanent Certificate of Occupancy for the East and West Wings of the Hotel. This means that the project will proceed with the City of Palm Beach's approval to be open for Season 2013/2014.



South Atlantic Regional Center

棕榈渡假屋项目么时候会开始营业？

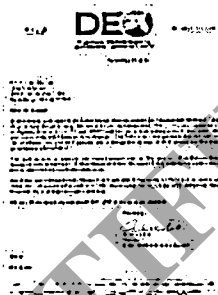
棕榈渡假屋酒店将于 2013 年的“季节”开始营业。一般而言，在棕榈滩所指的“季节”是指圣诞假期过后。这建筑东翼与西翼的酒店已得到永久使用证书。意味着项目会在棕榈滩市政府的批准下将于 2013/2014 年季节开始营业。

Q4. Does the Palm House Project have a TEA Approval?

Yes, please see the attached Palm House TEA Approval Letter or [click here](#).

棕榈渡假屋项目是否有目标就业区的批准？

是，请参阅附件棕榈渡假屋项目的目标就业区批准书或[点击这里](#)。



Q5. Is the Palm House Project Approved by the USCIS?

Yes the Palm House Project is approved by the USCIS through South Atlantic Regional Center's NAICS Code approvals. The Palm House Project falls under these listings. *Evidence of this can be discovered at USCIS.gov and searching SARC. NAICS Codes for the Palm House Project can be found by opening the attached Econometric Analysis file or beginning at page 414 of the Investment Portfolio.*

棕榈渡假屋项目是否已通过美国移民局的批准？

是，棕榈渡假屋项目已透过南大西洋区域中心的北美行业分类系统 NAICS 行业代码而通过美国移民局的批准。棕榈渡假屋项目是属于以下的分类。相关证据可于 USCIS.gov 网站搜索 SARC 南大西洋区域中心找到。而有关棕榈渡假屋项目的北美行业分类系统 NAICS 代码详情请参阅附件中的经济分析报告或投资组合的第 414 页。

Table B-1. NAICS Codes for Each Type of Activity

2362	Nonresidential Building Construction
5413	Architectural, Engineering, and Related Services
7211	Traveler Accommodation



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Many NEW REGIONAL CENTERS in the market claim Project Approval by the USCIS. What this truly means is that the USCIS approved the Regional Center to offer projects in a particular NAICS Code. Being that these Regional Centers have never marketed an EB5 Project before, they claim Project Approval to make themselves seem stronger in the market place. What this really means is that they are newly approved and most likely inexperienced in EB5 Project Management.

在市场上，有许多新的区域中心指出他们的项目得到美国移民局的批准。其实，真正的意思是代表美国移民局批准该区域中心在北美行业分类系统 NAICS 行业代码的批准范围下推出某些特定的项目。所以这代表那些区域中心之前并没有于市场上推过 EB5 项目，可是他们坚称项目已被审批，使项目在市场上看似更稳健。其实真正的意思是代表他们是新被批准及很有可能是欠缺管理 EB5 项目的经验。

Whereas, South Atlantic Regional Center has among the highest number of approved NAICS Codes for any USCIS Approved Regional Center, and has already successfully sold out their Royal Palm Town Center IV Project. With 92% of their clients approved and 8% still undergoing USCIS Processing.

然而，南大西洋区域中心是拥有美国移民局批准最多北美行业分类系统 NAICS 行业代码的区域中心，并已经成功地出售完皇家棕榈镇中心 IV 项目。当中有 92% 的客户已获批准和 8% 的客户仍于美国移民局处理当中。

Q6. Can a copy of the Appraisal Report that values the Palm House Hotel at \$137,500,000 USD be provided?

A copy of the Appraisal Report, completed by Callaway & Price, INC., can be found on page 248 of the Investment Portfolio.

可否提供棕榈渡假屋值 137,500,000 美元的评估报告？

有关 Callaway & Price, INC. 完成的评估报告可参阅投资组合的第 248 页。

It is important to note that the building at present is worth over \$110,000,000 USD before completion. This makes the Palm House Hotel one of the safest EB5 offerings from a Job Creation and Investment position.

重要注意事项：以目前建设（未完成整个建设）的市价已值经超过 110,000,000 美元。这使棕榈渡假屋酒店是其中一个最安全的 EB5 项目，能创造足够的就业机会和稳健的投资状况。



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Q7. How many jobs will the Palm House create?

Dr. Michael Evans completed the Rims II Economic Analysis of the Palm House Project. His findings resulted in a total of 953 Jobs created. The full report can be viewed on page 414 of the [Investment Portfolio](#).

棕榈渡假屋项目会创造了多少个就业机会？

迈克尔·埃文博士运用了 RIMS II“区域投入支出模型系统”对棕榈渡假屋项目完成了经济分析。他的研究显示项目可创造 953 个职位。详细报告请参阅投资组合的第 414 页。

Table A. Summary of Employment and Revenue Estimates			
Activity	Expenditure/ Revenues (\$ million)	Final Demand Multiplier	Total Jobs
Hard Construction Costs	32.293	17.5636	567.2
Soft Costs	6.188	16.315	101.0
Purchases of FF&E *	2.5	7.9957	20.0
Hotel Operations	14.36	17.5069	251.4
Membership Fees *	2.0	7.046	14.1
Total	75.413		953.7
* Indirect and Induced effects only			
All figures calculated from unrounded numbers			

Q8. How many rooms are there in the Palm House Hotel? What are the sizes of the Hotel?

There are a total of 79 Hotel Condo Rooms in Palm House Hotel. Their sizes range from 379 SqFt to 1,054 SqFt, as indicated in the table below. Additional information on room sizes can be found on pages 157 – 159 of the [Investment Portfolio](#).

棕榈渡假屋酒店有多少个房间？酒店房间的大小是？

棕榈渡假屋酒店共有 79 间公寓客房。正如下表所显示，它们的大小由 379 平方英尺到 1,054 平方英尺不等。房间大小的详细资料请参阅投资组合的第 157 - 159 页。



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Hotel Units SF				
Unit #	QT	Unit Description	SF per Unit	Total SF
First floor				
A	1	Large One Bedroom	949	949
B	1	Studio	475	475
CL	1	One Bedroom	734	734
CR	1	One Bedroom	689	689
D	1	One Bedroom	870	870
E	5	Studio	475	2,375
E1	1	Studio	475	475
F	1	One Bedroom plus den	960	960
F1	2	One Bedroom	792	1,584
F1	1	One Bedroom	782	782
G	8	Studio	379	3,032
G1	2	Studio	379	758
G2	1	Studio	415	415
Second floor				
A	1	Large One Bedroom	949	949
B	1	Studio	475	475
CL	1	One Bedroom	734	734
CR	1	One Bedroom	689	689
D	1	One Bedroom	940	940
E	5	Studio	475	2,375
E1	1	Studio	475	475
F	1	One Bedroom plus den	960	960
F1	3	One Bedroom	792	2,376
F1	1	One Bedroom	782	782
G	8	Studio	379	3,032
G1	2	Studio	379	758
H	1	Studio	576	576
Third floor				
J	1	Studio	603	603
K	6	Large Studio	578	3,474
L	1	Large Studio	1,264	1,264
M1	1	One Bedroom	676	676
M2	3	One Bedroom	838	2,514
N1	1	One Bedroom	841	841
O	8	Studio	379	3,032
G1	2	Studio	379	758
F1	3	One Bedroom	792	2,376
F1	1	One Bedroom	786	786
F2	1	One Bedroom	722	722
Total SQ. FT.				44,433

Indicates actual room is greater than hotel room

Breakdown of guestroom types and square footage

Q9. What would happen if the Palm House Project couldn't raise 79 investors?

The agreements submitted to the USICS allow for a minimum of 2 investors and a maximum of 79. Therefore if less than 79 investors become a part of the project before the offering is closed there will be no effect on the immigration of the clients.

如果棕榈度假屋项目不能筹集79个投资者将会发生什么事情？

在已递交至美国移民局的协议当中，清楚列明这个项目允许最少2名至最多79名的投资者。因此，即使这个项目在停止接受EB5申请时不能筹集到79名投资者，对客户的移民申请是没有影响。

Depending on the amount of funds raised through EB5 Investment, other domestic sources can be used to supply any additional funds needed. These funds can be acquired through Private Equity or Bank Loans against the already increased value of the project. The near completed state of the project offers great flexibility to find other sources of investment beyond EB5 Investment should it be required. This is not currently sought after to project the Return of Investment Position of the EB5 Investors.



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项目会根据 EB5 筹集资金的进度和情况，可以寻求其他的本地资金来源应付额外的费用。其他的资金来源可以透过私人投资或银行贷款的方法应付已增值的项目。在项目接近完成的阶段，寻找 EB5 投资之外的资金来源应该是有更大的灵活性。但这不是目前项目所追求用来归还给 EB5 投资者投资款项的方法。

Q10. What is the evidence that the Developer has invested the \$22,000,000 USD?

A detailed listing of the Developers' investment into the project can be found in the following Developer's Funds attachment or from pages 392-413 of the Investment Portfolio. Note that there is a total of over \$22,000,000 USD represented. The total invested into the Project by the Developer cannot all count towards Job Creation. Therefore, only the funding that can be attributed to actual work on the Project is represented in the \$22,000,000 to ensure an accurate Job Creation result.

有任何的证明文件显示开发商已投资22,000,000美元吗？

开发商投资到项目的详细清单，请参阅以下的开发商资金附件或参阅投资组合的第 392-413 页。请注意，开发商已投资超过 22,000,000 美元。由于不能把所有由开发商投资到项目的金额全部计入创造就业人数当中。所以只计算当中 22,000,000 美元这笔真正能归纳为项目可创造就业人数的资金，以确保计算出准确就业人数的结果。

As demonstrated in the Valuation Report, the EB5 Money and Private Equity Loan account for 50% of the present valuation of the Palm House Hotel (\$110,000,000 USD Present Valuation). This means that the EB5 Investor is very secure from a monetary standpoint.

从估值报告中显示出，EB5 的资金与私人直接投资占整个棕榈度假屋项目的 50%（现时估值 110,000,000 美元）。从估值立场来看，这意味着 EB5 投资是非常安全的。

Q11. The Palm House Hotel utilizes a Bridge Loan Financing in the Business Plan. Who provided this Bridge Loan, and how will the loan repaid?

The USCIS Adjudication Policy Memorandum details how an EB5 Project may receive Bridge Loan Financing in order to ensure the progress a project makes while raising EB5 Funding (See excerpt from the USCIS website page 15 below). So long as the EB5 Funds are used to repay the Bridge Financing there is no effect on Job Creation.



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棕榈渡假屋项目在商业计划中显示采用了银行过桥贷款。请问谁提供过桥贷款，以及如何偿还贷款？

美国移民局评审政策备忘录详细介绍了 EB5 项目可以透过过桥贷款，以确保在筹集 EB5 资金的同时，项目建设的可以正常进行。（请看在美国移民局网站下载第 15 页摘要）。只要 EB5 资金会用于偿还给过桥贷款，这对创造就业机会是没有影响。

48 C.F.R § 204.6(j)(4)(i).

Since it is the commercial enterprise that creates the jobs, the developer or the principal of the new commercial enterprise, either directly or through a separate job-creating entity, may utilize interim, temporary or bridge financing – in the form of either debt or equity – prior to receipt of EB-5 capital. If the project commences based on the interim or bridge financing prior to the receipt of the EB-5 capital and subsequently replaces it with EB-5 capital, the new commercial enterprise may still receive credit for the job creation under the regulations. Generally, the replacement of bridge financing with EB-5 investor capital should have been contemplated prior PM-602-0083: EB-5 Adjudications Policy Page 16 to acquiring the original non-EB-5 financing. However, even if the EB-5 financing was not contemplated prior to acquiring the temporary financing, as long as the financing to be replaced was contemplated as short-term temporary financing which would be subsequently replaced, the infusion of EB-5 financing could still result in the creation of, and credit for, new jobs. For example, the non EB-5 financing originally contemplated to replace the temporary financing may no longer be available to the commercial enterprise as a result of changes in availability of traditional financing. Developers should not be precluded from using EB-5 capital as an alternative source to replace temporary financing simply because it was not contemplated prior to obtaining the bridge or temporary financing.

USCIS Policy Memorandum; May 30, 2013; pp. 15-16.

The Palm House elected to proceed in this manner due to the safety and security that it afforded the EB5 Investor. A Bridge Loan of \$29,500,000 USD was obtained from a Wealthy Private Equity Source. These funds along with Mr. Matthews' Equity Investment were used to bring the Palm House Hotel to the present and continuous development position. A portion of the \$39,500,000 EB5 Investment will be used as repayment of this Bridge Loan.

棕榈渡假屋项目选用这种方式以确保 EB5 投资者的安全性。29,500,000 美元的过桥贷款是来自一个富裕者的私人投资。这过桥贷款与马修斯先生的私人投资共同用在过去、现在及未来棕榈渡假屋的建设，使项目得以持续进行。部份来自 EB5 的 39,500,000 美元的投资将用作偿还这桥贷款。

Q12. When does the USCIS allow for Job Count to begin?

Utilizing the Rims II Economic Analysis, as performed by Dr. Michael Evans, a final demand multiplier was created for Expenditure and Revenue applied to each NAICS Industry Code. The Final Demand Multiplier figure generated by Rims II represents a combined Direct and Indirect number of jobs created per \$1,000,000 USD in Project Expenditure or Revenues Generated depending on



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the NAICS Code. As a result of the Bridge Loan and Developer Equity, the USCIS allows for any funds spent on actual work performed on the building to be accounted towards these numbers. Therefore, Job Count begins from the date that funds were first spent on work towards the development of the project. Details for these amounts can be found in the attached Econometric Study, or beginning at page 414 in the Investment Portfolio.

美国移民局什么时候开始计算项目所创造的就业人数？

迈克尔·埃文博士利用 RIMS II“区域投入支出模型系统”的经济分析，一个以最终需求乘数开支及收入的算式，应用于每个北美行业分类系统 NAICS 行业代码的模式计算出项目所创造的就业人数。RIMS II“区域投入支出模型系统”计算每 1,000,000 美元的项目支出或收入，乘以北美行业分类系统 NAICS 行业代码计算出成直接和间接创造合并起来的就业人数。所以，美国移民局容许以透过过桥贷款和开发商私人投资花费在实际建设项目上任何的作为计算就业人数。因此，计算就业人数是于这些资金花费在项目兴建时开始。有关运用这些资金的详细信息，请参阅附件的经济分析报告，或投资组合中第 414 页开始。

Q13. Can we provide documentation showing the Project owns the land?

Current titling of the property is registered to 160 Royal, LLC. This is the company registered to the Private Equity Lender who made the Bridge Loan available. Official Public Record can be found at PCBGov.com with a satellite picture of the property.

能够提供文件显示项目拥有该土地权吗？

目前物业是以皇家160，有限责任公司注册。这家公司是以私人投资形式向项目提供过桥贷款的贷方。官方公共记录可于网站PCBGov.com查看。当中还有配备了卫星图片的功能，可显示到棕榈渡假屋。

Further evidence can be found in the Business Plan located on page 171 of the Investment Portfolio.

进一步的证据，可以参阅商业计划书中投资组合的第 171 页。

Land Acquisition Cost

The land was purchased by a company owned by the Developer in August 2006 for \$29,000,000; the transfer was recorded in OR Book 20776, Page 1540 of the Palm Beach County land records as a non-real estate transaction with a \$10 consideration. (See Palm House Hotel & Private Club Appraisal, by Callaway & Price, Inc., attached as Attachment B, page 31.)



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As well as in the Appraisal Report located on page 285 of the Investment Portfolio.

以及在投资组合中第 285 页的评估报告。

Property History

The current owner, Royal 160 LLC acquired the property in August 2006 for \$29,000,000; the transfer was recorded in OR Book 20776, Page 1540 of the Palm Beach County land records as a non-real estate transaction with a \$10 consideration.

Q14. How will the Palm House Project Make Money?

Highly conservative revenue estimation for the operation of the Hotel forecasts a 5-year combined generated revenue of \$76,888,165 USD at only 61% occupancy rate. Details can be found in the attached proforma income statements table below or in the Investment Portfolio from pages 176 - 180.

棕榈渡假屋项目将如何赚钱？

根据经营该酒店的保守估计，以只有 61% 的入住率计数预测到 5 年会有 76,888,165 美元的收入。详情可参阅以下的利润表或投资组合的第 176 - 180 页。

Palm House Hotel Proforma Income Statements 79 Keys (Rooms)	Year 1 2016	Year 2 2017	Year 3 2018	Year 4 2019	Year 5 2020
Operating Statistics					
Available Room Nights (ARN)	26,435	26,435	26,435	26,435	26,435
Occupied Room Nights (ORN)	16,724	17,569	18,166	19,743	18,324
Occupancy %	58.0%	61.0%	63.0%	65.0%	64.0%
Average Daily Rate (ADR)	\$500.00	\$522.50	\$551.24	\$573.29	\$590.49
RevPAR	\$290.00	\$318.73	\$347.26	\$372.64	\$377.91
RevPAR Growth	NA	0.0%	8.96%	7.10%	1.42%
Revenue					
Rooms	\$ 8,362,150	\$ 9,190,435	\$10,013,808	\$10,714,973	\$10,897,056
Food & Beverage	3,762,968	4,135,699	4,508,214	4,835,239	4,903,676
Spa / Salon / Fitness Center	664,972	719,215	801,105	859,596	871,765
Other Income	271,270	295,882	325,432	319,212	334,154
Total Revenue	13,061,359	14,340,831	15,648,559	16,729,020	17,016,651
Total Revenue Growth	NA	9.91%	8.96%	7.10%	1.42%
Departmental Expenses					
Rooms	1,254,323	1,352,141	1,411,421	1,511,792	1,527,745
Food & Beverage	3,010,374	3,223,843	3,379,660	3,529,724	3,726,794
Spa / Salon / Fitness Center	434,812	463,198	488,674	500,145	573,365
Other Income	135,445	140,331	116,452	133,633	132,246
Total Departmental Expenses	4,835,014	5,181,606	5,416,214	5,782,312	5,982,310
Departmental Expense Ratio	37%	36%	35%	34%	35%
Undistributed Operating Expenses					
Administration & General	720,875	733,314	787,214	822,634	830,657
Sales & Marketing	576,700	602,652	629,771	658,111	667,125
Energy Costs / Utilities	230,465	215,711	247,567	238,529	233,196
Maintenance	432,223	431,319	422,328	492,493	515,791
Total Indirect Oper. Expenses	1,960,263	2,083,036	2,186,879	2,295,167	2,393,249
Gross Operating Profit Margin	6,149,482	7,094,782	8,013,482	8,716,551	8,651,151
Gross Operating Profit Margin	48%	49%	51%	52%	51%
Total Management Fees	391,976	444,702	521,031	545,643	510,800
Other Deductions					
Property Taxes	216,241	224,911	233,910	241,266	252,097
Insurance Expense	173,010	181,661	190,741	200,251	210,293
Total Other Deductions	389,373	406,574	424,653	441,517	462,390
Net Operating Profit	5,468,233	6,221,906	7,067,798	7,729,791	7,678,061
Net Operating Profit Margin	42%	43%	45%	46%	45%
Reserve for Replacement	324,644	359,001	391,164	419,726	425,666
Projected EBITDA / NOI	\$ 5,143,589	\$ 5,862,905	\$ 6,676,634	\$ 7,310,065	\$ 7,252,395

Palm House Hotel 5-year pro forma financial projections



South Atlantic Regional Center

In addition to Hotel Revenue the Palm House Club will generate revenue through Club Membership. These fees will be between \$200,000 USD and \$250,000 to become a member. An exclusive limited offering of 500 memberships will be made available. Resulting in a \$100,000,000 USD to \$125,000,000 USD to be collected for Membership Positions.

除了酒店收入外，棕榈渡假屋项目的会员俱乐部将在收取会员费用上亦可产生收益。每位会员的会员费用将会收取 200,000 美元至 250,000 美元，会籍将限量发售 500 名。因此，在收取会籍上有高达 100,000,000 美元至 \$125,000,000 美元的收入。

Due largely in part to Mr. Matthews' strong connections with the City of Palm Beach Officials, the Palm House Project received special approval to sell portions of the Palm House Hotel as condos. With a total Valuation of \$137,500,000 USD there is a range of profits that can be earned from the sale of parts of the Hotel as condos. This flexibility has already peaked the interest of some individuals in Palm Beach, including Clothing Mogul Tommy Hilfiger who has been in talks with the Developer regarding turning the Palm House Hotel into a Tommy Hilfiger Branded Hotel.

此外，由于在马修斯先生与棕榈滩市的官员有良好的关系，棕榈渡假屋项目获得特别批准，容许出售棕榈滩酒店作为公寓。根据 137,500,000 美元的估值，部分的收益可从出售酒店作为公寓所获得。这种灵活性的批准已经引起一些在棕榈滩上的人士及单位感到兴趣，当中包括 Tommy Hilfiger 的服装大亨品牌，他们一直与开发商谈判，希望把酒店转成 Tommy Hilfiger 的品牌酒店。

Q15. What is the security offered by the Palm House for the investment?

Investor members become a Limited Partner ("LP") when they invest into the Palm House Project. The Project and the LP have binding agreements stipulating the intended return of invested capital after 5 years time.

棕榈渡假屋项目为投资者提供了什么投资保障？

当投资者投资到棕榈渡假屋项目时，会成为有限合伙人（“LP”）。项目方和有限合伙人之间是有约束力的协议，规定项目方在 5 年之后有意向地归还其资本。

In addition to these agreements each LP will receive an UCC-3 Filing stating that in the event that funds are not returned beyond the 5 years, the LP has a right to all assets of the Palm House Hotel. This document only registers the terms of the Investment Agreements found in the Investment Portfolio with the State of Florida. This is done to place the LP in a secure position for their investment. Much like a US Bank would do when lending money for a Home Mortgage in the USA. Please see the attached sample copy of the UCC-3 Filing.

197 S. Federal Highway | Boca Raton | Florida | 33432
561.900.7077 | 561.282.6102
Sarceb5.com



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除了协议外，每位有限合伙人都会收到一份 UCC-3 的文件，说明投资若在超过 5 年后未经归还，有限合伙人有权取得棕榈渡假屋项目的所有资产。这份文件是根据投资组合中同意的投资条款，于佛罗里达州注册。提供 UCC-3 文件是为了把投资者放置在一个安全的位置，确保他们投资安全。就像在美国，当你向银行借贷款时，银行会以房屋作抵押贷款的道理一样。请参阅附件 UCC-3 文件的样板。

Q16. Can a list of names be provided for the future members of the Palm House Club?

Due to the exclusive nature of the Palm House Club no list of names can be furnished. The Rich and Famous want privacy and we must facilitate their desire as such.

可提供棕榈渡假屋项目未来会员具乐部的名单列表吗？

由于关乎富商和名人的隐私问题，棕榈渡假屋项目必须要尊重他们，不能对外提供会员具乐部的名单列表。

However, we do know that such luminaries as Multi-Billionaire Bill Koch, of Koch Industries; Eric Schmidt, Chairman of Google; Tony Bennett, of song and stage; Celine Dion, one of the most famous singers in the world; and President Bill Clinton will be a part of the club.

不过，我们知道亿万富翁科克工业集团 - 比尔科赫；谷歌董事长 - 埃里克·施密特，著名舞台歌手 - 托尼·贝内特；在世界上最有名歌手之一 - 席琳·迪翁；前总统 - 比尔克林顿；都将成为具乐部的会员。



South Atlantic Regional Center

This is due in part to the Fame of Mia Matthews, the Developer Bob Matthews' wife. Mia Matthews is a Famous Signer and Entertainer in the USA. Attached is a photo of the Billboard of Mia Matthews in Times Square, New York City, when she was in town performing.

能吸引这么多名人想成为俱乐部会员的部分原因是因为开发商- 鲍勃·马修斯的妻子- 米娅马修斯的关系。她在美国是一位著名歌手和艺人。以下为米亚·马修斯在纽约时代广场的广告牌，当时她在纽约市镇作表演。



Q17. If the Investor's I-526 Application is denied, when does the Investor receive their funds back?

In the case that an I-526 Application is denied without cure, the Investor will receive their Investment, Administrative Fees, and Legal Fees within 90 days from the time the official denial notice is received from the USCIS.

如果投资者I-526申请被拒绝，投资者会在什么时候取回资金？

若投资者 I-526 申请在经过团队努力的情况下依然被拒绝，投资者将在收到美国移民局官方通知申请被拒的 90 天内取回投资款项、行政费用和法律费用。



South Atlantic Regional Center

NOTE: Currently South Atlantic Regional Center has maintained higher than 99% approval rating for I-526 Submissions of it's projects.

注意：目前南大西洋区域中心提交 I-526 的申请一直保持高于 99% 的批准率。

Q18. What occurs if an Investor does not pass the I-829 Stage?

Before becoming a participant in the EB5 Program each potential Investor must understand the every project has an amount of risk to it. There can be no guarantee offered on any project if that project is to meet the strict standards set forth by the US Congress and USCIS. To offer such a guarantee would mean immediate failure of the I-526 Application.

如果投资者不通过I-829阶段，将会发生什么事情？

每个潜在投资者在参与 EB5 计划前都必须明白，每个项目都有一定程度的投资风险。如果该项目是达到由美国移民局设定的严格标准，任何项目都不能提供任何保证。如提供保证，即意味着 I-526 的申请会立即失败。

With this understanding in place, a potential Investor can analyze the level of risk they take with their chosen project. In the case of the Palm House Hotel the project is very near completion, due in part to the Developer's Investment and Bridge Loan Financing put in place. The Project also has received Permanent Certificate of Occupancy for the East and West Wings of the Hotel. This means that the project will proceed with the City of Palm Beach's approval to be open for Season 2013/2014.

明白了以上的概念，潜在投资者可以自行对所选择的项目作出分析，评估项目的风险水平。现时，棕榈度假屋项目距离完成十分接近，部分原因是由于开发商的私人投资和过桥贷款融资落实到位。项目的东翼与西翼的酒店亦已得到永久使用证书。意味着项目会在棕榈滩市政府的批准下将于 2013/2014 年季节开始营业。

All of this means that an Investor does not have to worry about potential delays in building or regulator issues. These unique Palm House Hotel strengths coupled with a current 2013 national average of 95% I-829 approvals by the USCIS mean that there is very little risk of an I-829 denial.

以上所有事情意味着，投资者不必担心项目会因为建筑或监管问题导致延误的潜在可能性。这些独特棕榈度假屋酒店的优势，再加上现时美国移民局 2013 年全国 I-829 批准平均水平是 95%，投资者只有十分少的风险会在 I-829 阶段被拒绝。

EXHIBIT “13”

NOT A CERTIFIED COPY



Your Immigration Paperwork

We Offer a 100% Guarantee

我们100%保证您申请移民时的所需文件



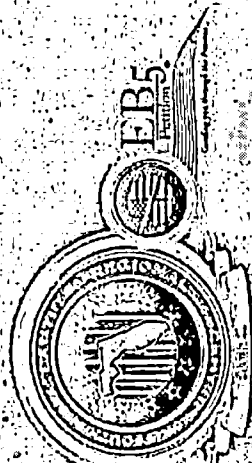
GUARANTEE

When you file your I-526 application through us you can be assured that we will process the application expeditiously. You can have confidence that our experienced staff will address any areas that may cause a deficiency or regulatory issue. Each petition is carefully examined and fully vetted before we submit the individual case. Our worldwide staff works with all the stakeholders to provide a consistent and predictable outcome.

For these reasons we are delighted to offer a FULL REFUND in the unlikely event the Immigration Service denies a submission.

Simply stated, "You get approved, or your money back!"

Speak to one of our representatives to discuss the details of our exclusive guarantee.



South Atlantic Regional Center, LLC
177 South Federal Highway
Boca Raton, FL 33433 USA

USA • HONG KONG • BEIJING • LONDON • SRI LANKA • MACAU
美国 • 香港 • 北京 • 伦敦 • 斯里兰卡 • 澳门



THE PALM HOUSE

Luxury Condominium, Hotel and Spa on Palm Beach

棕榈滩度假屋

坐落于棕榈滩豪华共管式公寓酒店及水疗中心



- 128,000 Square Foot
128,000平方英尺
- 79 Key Condominium
Boutique Hotel
79家会员各待钥匙的
共管式公寓精品酒店
- Directly on Palm Beach Island
直接座落在棕榈滩岛上
- The last hotel to be
approved on the island
岛上最后一家被批准兴建的酒店
- Home to the World's Rich
and Famous
世界级富豪及名流之住所
- Presently being built
现已开始动工

THE PALM HOUSE

A Luxury Condominium Hotel and Spa on Palm Beach

棕榈滩度假屋

坐落于棕榈滩奢华共管式公寓酒店及水疗会馆

Luxurious & Exclusive

奢华与尊贵

Each of the interior finishes has been carefully selected to provide the most luxurious and comfortable stay on the island of Palm Beach.

每个室内装潢都经过精心设计，目的是为客人提供一个在棕榈滩上最奢华及舒适的逗留。



THE PALM HOUSE

A Luxury Condominium Hotel and Spa on Palm Beach

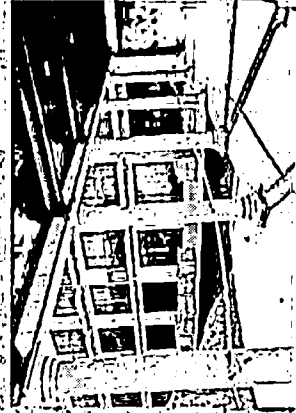
棕榈滩豪华共管式公寓酒店及水疗会馆

Safe EB5 Investment

EB5 - 安全投资

The Palm House project is very safe because the construction is already in progress with a substantial equity investment from the developer. The investor need not worry if the project will perform and meet the rigid standards required by the USCIS.

棕榈度假酒店项目是十分安全的，因为该项目已有一个稳健可靠的投资商注入大量资本并且已经开始动工。投资者无须担心，该项目绝对符合美国移民局的严格标准。



The Palm House project presently is being built.

棕榈度假酒店项目现已开始动工。

The Palm House will be completed before the 2013 Season.

棕榈度假酒店将于2013年前建成。



Beautiful finishes
华丽装饰



Aerial View of the Palm House
棕榈度假屋的鸟瞰图

City Approvals
城市批核书





THE PALM HOUSE

A Luxury Condominium Hotel and Spa on Palm Beach

棕榈度假酒店

坐落于棕榈滩奢华共管式公寓酒店及水疗会馆

Job Count USCIS Requirements

就业数日美国移民局所要求

The JOB COUNT
for the Palm House is:

953 Jobs
棕榈度假屋的就业数目是
953个职位

The project needs:
790 Jobs
整个项目需要
790个职位

This means that **over 20%**
more jobs will be created than is
required by law.
这意味着此项目可创造
比法律规定
超过多20%的职位空缺

Dr. Michael Evans is the most respected economist in America
doing EB5 economic models.
迈克尔·埃文斯博士在美国是一位受人尊敬的
经济学家专门研究EB5。

Michael has written 10 books dealing with international economics.
He has over 300 approved EB5 studies.
迈克尔博士写了10本有关全球经济的书籍。
他有超过300已被验证的工作研究。

The Security of The Investment

投资保障

UCC-3 Filing UCC-3文件存档

Each investor is provided with a
UCC-3 filing with the State of Florida,
so their security interest in the capital
is registered with the state. This is
filed when the investor receives their
Green Card.

每位投资者可得到由佛罗里达州政府
发出的UCC-3文件，他们的资金保障利息一
会在州政府建立档案注册。当投资者获得绿卡时，
档案便会记录。



The Appraisal for
the hotel is:

\$137,500,000
酒店的估价是美金
\$137,500,000

once the property is completed the appraisal
values the property at over 10% more than
the initial investment.
一旦完成该物业业评估其财产价值
原本投资的多40%。

Valuation Appraisal

估价评估

The Investment
投资额

EB5 INVESTMENT
EB5投资额美金
\$39,500,000

The EB5 Investment
represents **43%**
of the total investment

DEVELOPER EQUITY
开发商资产净值美金
\$22,000,000
FINANCING
筹措资金美金
\$28,500,000

TOTAL INVESTMENT
总投资额美金
\$91,000,000
EB5投资额占项目总投资额43%

Your Immigration Paperwork
We Offer a 100% Guarantee
我们100%保证您申请移民时的所需文件

EB5 Petition is a division of USREDA. Our expert staff has completed hundreds of files and can help you through the process of the application.

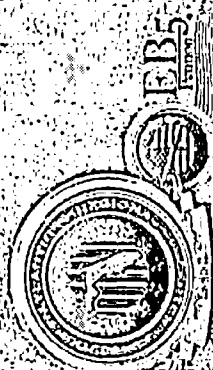
EB5是美国区域经济发展的一个部门，我们的专业团队已完成超过数百个案例申请，并能帮助你完成整个申请程序。

THE PALM HOUSE
A Division of USREDA
3101 NE 17th Avenue, Suite 100, Fort Lauderdale, FL 33304

棕榈屋酒店及水疗会所

坐落于棕榈滩豪华公寓酒店及水疗会所

USREDA
UNITED STATES REGIONAL ECONOMIC DEVELOPMENT AUTHORITY

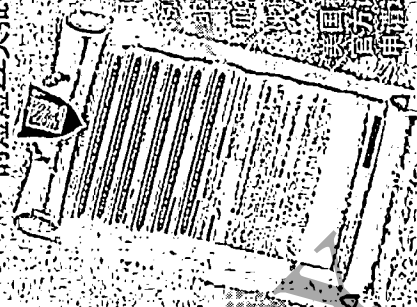


EB5

EB5 Petition and South Atlantic Regional Center offers a 100% Full Refund of all fees and investment if your I-526 is not approved!
若您的I-526申请不被接纳，EB5与南大西洋区域中心会100%全数退还已缴费用！

EB5 Advantages EB5优点

- ◆ NO REQUIREMENT for Age, Business Experience, Education, or Language Skills.
没有年龄、营商经验、学历背景、语言技能的限制
- ◆ EASY TO DOCUMENT.
Preparation 4 times faster than a Canadian Application.
文件准备简易：申请文件预备比加拿大申请还要快4倍
- ◆ FREE EDUCATION in the American Public School System.
免费教育：享有美国公立学校系统免费教育
- ◆ NO RESIDENCE REQUIREMENT.
Must enter the USA only once every 6 months.
没有居留限制：只需每6个月进入美国境内1次
- ◆ FAST: Visa approved in less than six months. It is the quickest program to immigrate to the USA.
火速批核：签证批核时间少于6个月，这是移民到美国最快捷的计划！
- ◆ SARC has received Approvals in as little as 22 Days on projects the USRC has approved.
美国移民局会在递交申请后的短22天批核



USRC has received Approvals in as little as 22 Days on projects the USRC has approved.

美国移民局会在递交申请后的短22天批核

WORLD RENOWN ADVISORY BOARD

世界知名顾问委员会



Our Advisory Board will assist in branding the Palm House as a desired destination hotel and frequented by the wealthy around the world. The Palm House will be governed by an advisory board consisting of Political and Business leaders with worldwide experience.

我们的顾问委员会协力把棕榈度假屋打造成成为一个令人向往的最终目的地酒店及全球富豪常去的地方。棕榈度假屋是由一队拥有环球经验的政治家及商业领导组成的顾问委员会所管理。

The Palm House Club 棕榈度假屋会所

A significantly discounted membership of 50% is available to all investors in the Very Exclusive Palm House Club.

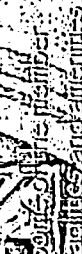
所有投资者可尊享棕榈度假屋会所的 50% 超级折扣会籍。

特别优惠会员权益包括：

• 霍克 850XP 喷射机



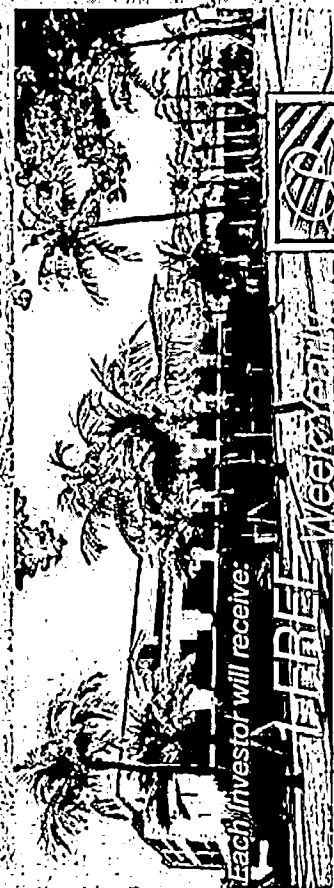
• 100 Yacht
• 100 只游艇



另外有其它会员设施及服务

Bonus Program For the Investor

投资者奖赏计划



Each investor will receive:

每位投资者可得到
每年在棕榈度假屋免费逗留一星期
stay @ The Palm House

每位投资者可得到
每年在棕榈度假屋免费逗留一星期

Sign your Name Here

公开的投资文件
及签署的计划书

Sales Reward

For the Investor
投资者销售回报



If the Project sells for more than \$150,000,000 USD then the investor will receive a total of 10% of their original investment (\$50,000)

如果项目销售超过美金\$150,000,000, 投资者可额外得到原来投资额的 10% (美金\$50,000) 作回报

Each Investor may receive an additional reward based on the sales price of the project.

根据项目的销售价格, 每位投资者可能得到额外回报

An investor will receive an additional 5% of their original investment (\$25,000) if the project sells for more than \$10,000,000 USD.

如果项目销售超过美金\$10,000,000, 投资者可额外得到原来投资额的 5% (美金\$25,000) 作回报。

EXHIBIT “20”

NOT A CERTIFIED COPY

**STATE OF FLORIDA UNIFORM COMMERCIAL CODE
FINANCING STATEMENT AMENDMENT FORM**

A. NAME & DAYTIME PHONE NUMBER OF CONTACT PERSON:

Joseph Walsh 561.282.6102

B. SEND ACKNOWLEDGEMENT TO:

Name PALM HOUSE HOTEL, LLLP

Address 197 South Federal Highway, Suite 200

City/State/Zip: Boca Raton, FL 33432

FLORIDA SECURED TRANSACTION REGISTRY

FILED

2012 Oct 01 08:00 AM

***** 201207621836 *****

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1a. INITIAL FINANCING STATEMENT FILE #

1b. ☐

This FINANCING STATEMENT AMENDMENT is to be filed
[for record] (or recorded) in the REAL ESTATE RECORDS.

2. CURRENT RECORD INFORMATION - DEBTOR NAME - INSERT ONLY ONE DEBTOR NAME (2a OR 2b)

2a. ORGANIZATION'S NAME

PALM HOUSE HOTEL, LLLP

2b. INDIVIDUAL'S LAST NAME

FIRST NAME

MIDDLE NAME

SUFFIX

3. CURRENT RECORD INFORMATION - SECURED PARTY NAME - INSERT ONLY ONE SECURED PARTY NAME (3a OR 3b)

3a. ORGANIZATION'S NAME

Palm House Hotel, LLLP

3b. INDIVIDUAL'S LAST NAME

FIRST NAME

MIDDLE NAME

SUFFIX

4. ☐ **TERMINATION:** Effectiveness of the Financing Statement identified above is terminated with respect to security interest(s) of the Secured Party authorizing this Termination Statement.

5. ☐ **CONTINUATION:** Effectiveness of the Financing Statement identified above with respect to security interest(s) of the Secured Party authorizing this Continuation Statement is continued for the additional period provided by applicable law.

6. ☒ **ASSIGNMENT** (full or partial): Give name of assignee in item 9a or 9b and address of assignee in item 9c; and also give name of assignor in item 11.

7. ☐ **AMENDMENT (PARTY INFORMATION):** This Amendment affects ☐ Debtor or ☐ Secured Party of record. Check only one of these two boxes.

Also check one of the following three boxes and provide appropriate information in items 8 and/or 9.

☐ **CHANGE** name and/or address: Give current record name in item 8a or 8b; Also give new name (if name change) in item 9a or 9b and/or new address (if address change) in item 9c.

☐ **DELETE** name: Give record name to be deleted in item 8a or 8b.

☐ **ADD** name: Complete item 9a or 9b, and 9c; also complete items 9d-9g (if applicable).

8. CURRENT RECORD INFORMATION - INSERT ONLY ONE NAME (8a OR 8b) - Do Not Abbreviate or Combine Names:

8a. ORGANIZATION'S NAME

8b. INDIVIDUAL'S LAST NAME

FIRST NAME

MIDDLE NAME

SUFFIX

9. CHANGED (NEW) OR ADDED INFORMATION: - INSERT ONLY ONE NAME (9a OR 9b) - Do Not Abbreviate or Combine Names

9a. ORGANIZATION'S NAME

9b. INDIVIDUAL'S LAST NAME

FIRST NAME

MIDDLE NAME

SUFFIX

9c. MAILING ADDRESS Line One

This space not available.

MAILING ADDRESS Line Two

CITY

STATE

POSTAL CODE

COUNTRY

9d. TAX ID#

9e. TYPE OF ORGANIZATION

9f. JURISDICTION OF ORGANIZATION

9g. ORGANIZATIONAL ID#

NONE

10. AMENDMENT (COLLATERAL CHANGE): check only one box.

Describe collateral ☐ deleted or ☐ added, or give entire ☐ restated collateral description, or describe collateral ☒ assigned.

11. NAME OF SECURED PARTY OF RECORD AUTHORIZING THIS AMENDMENT (name of assignor, if this is an Assignment). If this is an Amendment authorized by a Debtor, which adds collateral or adds the authorizing Debtor, or if this is a Termination authorized by a Debtor, check here ☐ and enter name of DEBTOR authorizing this Amendment.

"All assets of the debtor, now owned or hereinafter acquired, and all products thereof, wherever located.

11. NAME OF SECURED PARTY OF RECORD AUTHORIZING THIS AMENDMENT (name of assignor, if this is an Assignment). If this is an Amendment authorized by a Debtor, which adds collateral or adds the authorizing Debtor, or if this is a Termination authorized by a Debtor, check here ☐ and enter name of DEBTOR authorizing this Amendment.

11a. ORGANIZATION'S NAME

Palm House Hotel, LLLP

11b. INDIVIDUAL'S LAST NAME

FIRST NAME

MIDDLE NAME

SUFFIX

12. OPTIONAL FILER REFERENCE DATA

EXHIBIT “17”

NOT A CERTIFIED COPY



RECEIPT NUMBER WAC-12-904-60496		CASE TYPE I526 IMMIGRANT PETITION BY ALIEN ENTREPRENEUR
NOTICE DATE September 13, 2013	PAGE 1 of 1	
DAVID DERRICO 197 S FEDERAL HWY STE 200 BOCA RATON FL 33432		Notice Type: Approval Notice Section: Investor - Target employment area, 203(b)(5)(C)(ii) TNA
<p>The above petition has been approved.</p> <p>We have sent it to the Department of State National Visa Center (NVC), 32 Rochester Avenue, Portsmouth, NH 03801-2000. The NVC processes all approved immigrant visa petitions that need consular action and also determines which consular post is the appropriate consulate to complete visa processing. The NVC will then forward the approved petition to that consulate.</p> <p>This completes all USCIS action on this petition. You should allow a minimum of 30 days for Department of State processing before contacting the NVC. If you have not received any correspondence from the NVC within 30 days, you may contact the NVC by e-mail at NVCINQUIRY@state.gov. You will need to enter the USCIS receipt number from this approval notice in the subject line. In order to receive information about your petition, you will need to include the Petitioner's name and date of birth, and the Applicant's name and date of birth, in the body of the e-mail.</p> <p>The NVC will contact the person for whom you are petitioning concerning further immigrant visa processing steps.</p> <p>Please read the back of this form carefully for more information.</p> <p>The approval of this visa petition does not in itself grant any immigration status and does not guarantee that the alien beneficiary will subsequently be found to be eligible for a visa, for admission to the United States, or for an extension, change, or adjustment of status.</p> <p>THIS FORM IS NOT A VISA NOR MAY IT BE USED IN PLACE OF A VISA.</p> <p>The Small Business Regulatory Enforcement and Fairness Act established the Office of the National Ombudsman (ONO) at the Small Business Administration. The ONO assists small businesses with issues related to federal regulations. If you are a small business with a concern or complaint about regulatory enforcement, you may contact the ONO at www.ombudsman.sba.gov or phone 202-205-3417 or fax 202-491-5719.</p> <p>NOTICE: Although this application/petition has been approved, USCIS and the U.S. Department of Homeland Security reserve the right to verify the information submitted in this application, petition and/or supporting documentation to ensure conformity with applicable laws, rules, regulations, and other authorities. Methods used for verifying information may include, but are not limited to, the review of public information and records, contact by correspondence, the Internet, or telephone, and site inspections of businesses and residences. Information obtained during the course of verification will be used to determine whether revocation, rescission, and/or removal proceedings are appropriate. Applicants, petitioners, and representatives of record will be provided an opportunity to address derogatory information before any final action is taken.</p>		

Please see the additional information on the back. You will be notified separately about any other cases you filed.

U.S. CITIZENSHIP & IMMIGRATION SVC
CALIFORNIA SERVICE CENTER
P. O. BOX 30111
LAGUNA NIGUEL CA 92607-0111
Customer Service Telephone: (800) 375-5283



EXHIBIT “8”

NOT A CERTIFIED COPY

"AS IS" AGREEMENT FOR PURCHASE AND SALE

This "AS IS" Agreement for Purchase and Sale (the "Agreement") is made and entered into by and between PALM HOUSE PB, LLC, a Florida limited liability company or its assigns (the "Purchaser") and 160 ROYAL PALM, LLC, a Florida limited liability company (the "Seller").

WITNESSETH:

1. DEFINITIONS. The following terms as used herein shall have the following meanings:

1.1 "Adjustments to Purchase Price" - The Purchase Price shall be increased by an amount equal to any payments made by Seller for any construction work performed on the Project after July 8, 2013. In no event, however, shall the increase in the Purchase Price be more than an additional One Million Dollars (\$1,000,000.00). No fewer than three (3) business days before the Closing Date, Seller shall deliver to Purchaser a detailed list of all payments that Seller believes to be Adjustments to Purchase Price and the parties shall review the list on what payments constitute Adjustments to the Purchase Price. From the date that Seller delivers to Purchaser the list mentioned in the prior sentence, Seller shall not make any payments, or cause any liability to exist, for any work performed on the Project without prior written consent of Purchaser.

1.2 "Agreement" - this instrument, together with all exhibits, addenda and proper amendments hereto.

1.3 "Closing Date" - Ten (10) business days from the Effective Date, or by mutual written consent of the parties (the "Closing").

1.4 "Current Funds" - wired funds through the Federal Reserve System.

1.5 "Deposit" - all amounts paid by Purchaser as earnest money deposits hereunder, together with all interest, profits and accumulations earned or accrued thereon.

1.6 "Due Diligence Period" - WAIVED. The Property is being purchased "AS IS, WHERE IS" with no representations or warranties.

1.7 "Effective Date" - the date upon which the last of the Purchaser and the Seller have executed and delivered this Agreement.

1.8 "Escrow Agent" - The Galle Law Group, P.A., 13501 South Shore Boulevard, Suite 103, Wellington, Florida 33414.

1.9 "Permitted Exceptions" - those exceptions on the title insurance commitment which are not objected to by Purchaser pursuant to Section 6.2 hereof, or those objections deemed to have been waived in accordance with Section 6.2, real estate taxes for the year in which the closing takes place and those matters subject to which Purchaser agrees to accept title to the Real Property pursuant to this Agreement.

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1.10 "Project" The hotel currently under construction located at 160 Royal Palm Way, Palm Beach, Florida 33480 and commonly referred to as The Palm Hotel.

1.11 "Property" - the Real Property and the Appurtenant Property which shall be deemed to include furniture, desks and computers (with the exception of Tara Lordi's personal computer).

1.12 "Purchase Price" - Thirty Six Million Dollars (\$36,000,000.00).

1.13 "Real Property" - that certain real property to be transferred and conveyed by Seller to Purchaser under this Agreement, as more fully described in Section 2.1 hereof.

2. SALE AND PURCHASE. In consideration of the mutual covenants herein contained, and other good and valuable consideration, Seller agrees to sell and convey to Purchaser and Purchaser agrees to purchase from Seller, on the terms, covenants and conditions hereinafter set forth, the Property.

2.1 Real Property. That certain real property located in Palm Beach County and legally described on Exhibit "A" attached hereto (the "Real Property").

2.2 Appurtenant Property. To the extent owned and transferable by Seller, all improvements on the Real Property, including all buildings, structures, fixtures (including mechanical systems); all materials currently stored on or off the Property to be used in the construction of the Project, all intangible property used, if any, and owned by Seller in connection with the construction or operation of the Property, including the plans and specifications ("Plans") prepared for the construction of the Project together with an assignment and consent authorizing the transfer and use of the Plans by the architect and engineer of record, trade names (including without limitation, the Palm House name), intellectual property, websites, trademarks, contract rights, guarantees, licenses, permits and warranties; and all right, title and interest of the Seller, if any, in and to any and all streets, roads, highways, easements, accesses and rights-of-way appurtenant to the Real Property, and all right, title and interest of the Seller, if any, in and to any and all covenants, restrictions and agreements benefitting the Real Property.

3. PAYMENT OF PURCHASE PRICE

3.1 Deposit. The amount of Two Million Dollars (\$2,000,000.00) shall be delivered to the Escrow Agent on the Effective Date of this Agreement as a non-refundable Deposit payment. If Purchaser fails to timely close on the Closing Date for any reason other than Seller's breach of this Agreement, Seller shall be entitled to retain the Deposit for its own account and the parties shall be relieved from any further obligations under this Agreement.

3.2 Application of Deposit. Should the Closing contemplated hereby occur, the Deposit, together with all accrued interest thereon, if any, shall be a credit to the Purchaser against the Purchase Price and applied as a payment on account thereof at Closing. If the Closing contemplated hereby does not close, the Deposit (and all payments on account thereof) together with all accrued interest thereon shall be distributed as

provided for in this Agreement. All accrued interest, if any, shall be credited to the account of the Purchaser.

3.4 Balance of Purchase Price. On the Closing Date, Purchaser shall pay to the Seller the Purchase Price, subject to all adjustments, credits (whether for the Deposit or Seller financing or otherwise), and prorations as herein provided.

4. DUE DILIGENCE PERIOD. WAIVED

5. CLOSING. The parties agree that the Closing on the Property shall be consummated on the Closing Date as follows:

5.1 Place of Closing. The Closing shall be held at the offices of Seller's counsel in Palm Beach County, Florida.

5.2 Instruments of Conveyance. At Closing, Seller shall deliver, or cause to be delivered, to Purchaser the following documents, each fully executed and acknowledged as required:

5.2.1 Warranty Deed. A Warranty Deed conveying good and marketable fee simple title to the Property, subject only to the Permitted Exceptions.

5.2.2 Affidavit. An Affidavit with respect to mechanic's liens and parties in possession, in form acceptable to Purchaser, sufficient to permit a title insurer to delete the "Mechanics' Lien" and "Rights or Claims of Parties in Possession" exceptions from the title insurance policy, and stating that to the Seller's knowledge and except as set forth in the title commitment, the Property is free and clear of all liens, encumbrances, leases, licenses, contracts or claims of rights, which claims may serve as the basis of a lien or charge against the Property, whether due to services, material or labor supplied for the benefit of or delivered to the Property.

5.2.3 FIRPTA Affidavit. A FIRPTA non-foreign transfer certificate in accordance with Section 1445 of the Internal Revenue Code.

5.2.4 Closing Statement. A closing statement setting forth the Purchase Price, Deposits and all credits, adjustments and prorations between Purchaser and Seller and the net cash to close due Seller.

5.2.5 Assignment and Assumption of Contracts. An Assignment and Assumption of Contracts.

5.2.6 Manager or Member Resolution approving the sale and indicating the individual with authority to execute documents on behalf of the Seller together with a Certificate of Good Standing for the Seller.

5.2.7 Lien Releases. The original partial or final release of lien affidavits from all contractors, subcontractors and materialmen who have provided services, material or labor to the Property up to the Closing Date.

5.2.8 Permits. The original permits issued by all governmental agencies since the acquisition of the Property by Seller together with all approvals or sign offs up to the Closing Date.

5.2.9 Additional Documents. Such additional documents as may be reasonably required by Purchaser to consummate the sale of the Property to be conveyed under this Agreement and to continue the construction of the Project.

5.3 Possession. At Closing, Seller shall deliver full, complete and exclusive possession of the Property.

5.4 Purchaser's Obligations. At Closing, Purchaser shall deliver to Seller the following:

5.4.1 Balance of Purchase Price. The required payment due as cash due at Closing as provided in Article 3.4.

5.4.2 Closing Statement. A closing statement setting forth the Purchase Price, Deposits and all credits, adjustments and proration's between Purchaser and Seller and the net cash to close due Seller.

5.4.3 Additional Documents. Such additional documents as may be reasonably required by Seller or the title insurer to consummate the transaction contemplated under this Agreement.

5.5 Contractor, Subcontractor and Materialmen Estoppel Certificates. Five (5) days prior to Closing, Seller shall request of each Contractor, Subcontractor and Materialmen ("Tradesmen") and deliver to Purchaser, estoppel certificates reflecting the total amount of each Tradesmen's contract, the amount paid to date, the balance remaining under any outstanding contract and any sums then due and payable and indicate whether the Tradesmen considers the Seller to be in default under its contract in any material respect. If Seller is unable to obtain such estoppel certificates from any Tradesmen, the same information shall be furnished by Seller to Purchaser in the form of a Seller's affidavit and that affidavit shall satisfy Seller's requirement hereunder. The terms of this paragraph shall survive Closing. Seller shall not make any further payments to Tradesmen for work not already then performed on the Property. Seller, at Closing, shall give Purchaser a credit for the full amount of any balance remaining under any outstanding contract with said Tradesmen.

6. EVIDENCE OF TITLE

6.1 Delivery of Title Insurance Commitment. Within five (5) business days of the Effective Date, the Escrow Agent shall obtain and provide to Purchaser an owner's title insurance commitment agreeing to issue to the Purchaser, upon the recording of the Warranty Deed to the Property, an owner's marketability title insurance policy in the amount of the Purchase Price insuring the marketability of the fee title of the Purchaser to the Property. The cost of said commitment and policy and any premium therefore shall be borne by Purchaser. Purchaser shall have the option of requesting and paying for any available endorsements it determines may be appropriate.

6.2 Purchaser's Review of Title Insurance Commitment. The Purchaser shall have five (5) business days after receipt of the title insurance commitment to review same and provide Seller with written notice of any objections. In the event the title insurance commitment shall show as an exception any matter, Purchaser shall notify Seller of Purchaser's objection thereto within said five (5) business day period. Within five (5) business days after receipt of any timely title objection from Purchaser, Seller shall notify Purchaser whether Seller elects to cure such title defect. If Seller elects not to cure such title defect, then Purchaser shall, within three (3) business days of notice from Seller, either (a) agree to take title as is without any reduction in the Purchase Price and be deemed to have waived such objection, or (b) terminate the Agreement by giving written notice thereof to Seller, with a copy to Escrow Agent, in which event Escrow Agent may immediately, without further authorization or direction, refund the Deposit to Purchaser, together with all accrued interest thereon, and the parties shall be relieved of all further obligation hereunder. If Seller elects to attempt to cure such title defects, Seller shall be entitled to extend the Closing Date for up to thirty (30) days to cure such defects. If the defect(s) shall not have been cured at the Closing Date as the same may have been extended, Purchaser shall have the option of: (a) accepting title to the Property as it then exists without a reduction in Purchase Price, or (b) terminating this Agreement by giving written notice thereof to Seller, with a copy to Escrow Agent, in which event Escrow Agent may immediately, without further authorization or direction, refund the Deposit to Purchaser, together with all accrued interest thereon, and the parties shall be relieved of all further obligation hereunder. Notwithstanding the foregoing, Seller shall use so much of the Purchase Price as may be necessary to cure any title objection that can be cured by the payment of money.

6.3 Action Subsequent to Effective Date. From and after the Effective Date of this Agreement, Seller shall take no action which would impair or otherwise affect title to any portion of the Property, and shall record no documents in the Public Records which would affect title to the Property, without the prior written consent of Purchaser.

7. EXPENSES.

7.1 Purchaser Expenses. At Closing, Purchaser shall pay the cost of recording the deed of conveyance, all costs and premiums pertaining to title examination and issuance of an owners' title insurance policy and all costs and charges or payments due in conjunction with Purchaser's first mortgage loan, if any.

7.2 Seller Expenses. At Closing, Seller shall pay the cost of documentary stamps on the deed, the cost of recording any corrective instruments necessary to clear title and the broker's commission as hereinafter defined.

7.3 Attorneys' Fees. The Seller and Purchaser shall each pay its own attorneys' fees except as otherwise provided herein.

8. PRORATIONS. All taxes on the Property shall be prorated as of the day before the Closing Date, based upon the current year's tax bill, if available, or if not available, the tax bill for the prior year. In the event the prior year's tax bill is used, the taxes shall be re-prorated between the parties within one hundred eighty (180) days of the receipt of the tax bill for the current year. The terms of this paragraph shall survive Closing.

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9. ASSESSMENTS. Certified municipal liens and pending municipal liens for which work has been substantially completed as of the Effective Date, with the exception of the \$2,000.00 per day fine that is allegedly accruing with the Town of Palm Beach which sums shall be escrowed by Seller at Closing in an amount to satisfy the title company (the satisfaction of which fine, shall be the Seller's responsibility and at the sole cost of Seller), shall be paid by the Seller.

10. SURVEY. Within five (5) business days following the Effective Date, Seller shall provide Purchaser with the most recent survey of the Property in Seller's possession, if any. At least five (5) days prior to Closing, Purchaser shall obtain, at Purchaser's expense, an updated survey of the Property prepared by a Florida registered surveyor and certified to the Purchaser and its attorneys, the lender, Seller and its attorneys and the title insurer. Any encroachments or other defects which are revealed by the survey shall be raised by written notice to Seller no later than five (5) days after the receipt of the survey by the Purchaser and shall constitute title defects and shall be treated as same in accordance with Section 6.1 of this Agreement.

11. CONDEMNATION. In the event that all or any material part of the Property shall be acquired or condemned for any public or quasi-public use or purpose, or if any acquisition or condemnation proceedings shall be threatened or begun prior to the closing of this transaction, Purchaser shall have the option to either terminate this Agreement, in which event the Escrow Agent shall return to Purchaser all Deposits, together with accrued interest thereon, and the obligations of all parties hereunder shall cease, or to proceed, subject to all other terms, covenants and conditions of this Agreement, to the closing of the transaction contemplated hereby and receive title to the Property, together with the rights to any and all damages, awards or other compensation arising from or attributable to such acquisition or condemnation proceedings.

12. REAL ESTATE BROKER. Seller and Purchaser each represent and warrant to the other that they have not dealt with any real estate broker, salesman, agent or finder in connection with this transaction other than H. Allen Welles Real Estate ("Broker"). Should the transaction contemplated hereby close, Seller shall, at Closing, pay Broker a real estate commission in the amount equal to five percent (5%) of the final gross Purchase Price. Broker acknowledges that it shall not be entitled to any commission or other compensation in the event the Closing contemplated hereunder does not occur, nor has Broker procured anyone other than Purchaser as a prospective purchaser for the Property. Without limiting the effect of the foregoing, each party agrees to indemnify, defend and save the other harmless from the claims or demands of any real estate broker (other than Broker whom Seller shall pay) claiming to have dealt with the indemnifying party. Such indemnity shall include without limitation the payment of all costs, expenses and attorneys' fees incurred or expended in defense of such claims or demands. The terms of this Section shall survive the closing.

13. REPRESENTATIONS AND WARRANTIES OF SELLER.

13.1 Seller has good right and lawful authority to enter into this Agreement. Seller has good and marketable title to the Property, free and clear of all mortgages, liens, encumbrances, leases, tenancies, security interests, covenants, conditions, restrictions, rights-of-way, easements, judgment or other matters. No agreement other than this

Agreement concerning or restricting the sale of the Property is in effect, and no person or entity has any right or option to acquire the Property other than Purchaser.

13.2 Seller has received no notice of any condemnation or eminent domain proceedings pending, or to the best of Seller's knowledge contemplated, against the Property or any part thereof, and Seller has received no notice of the desire of any public authority to take or use the Property or any part thereof. Seller has no notice or knowledge of: (i) any pending improvement liens to be made by any governmental authority with respect to the Property; (ii) any present violations of building codes and/or zoning ordinances, ADA violations or other governmental regulations with respect to the Property; or (iii) any other matters which would adversely affect the value of the Property or the use of the Property or the use of the Property as intended by the Purchaser.

13.3 With the exception of the lawsuit styled as *160 Royal Palm, LLC v. Town of Palm Beach*, Case No. 12-CA-023613-AA, Circuit Court, Palm Beach County, Florida, Seller has received no actual notice, and to the best of Seller's knowledge, there is no pending suits or proceedings against or affecting the Seller or any part of the Property which (i) do or could affect title to the Property or any part thereof, or (ii) do or could prohibit or make unlawful the consummation of the transaction contemplated by this Agreement, or render Seller unable to consummate the same. Seller agrees to indemnify and hold the Purchaser harmless from any such claims, litigation, costs and attorneys' fees arising out of Seller's prior ownership and/or operation or development of the Property.

13.4 Seller and the party on behalf of Seller executing this Agreement have full power and authority to execute and deliver this Agreement and all documents now or hereafter to be delivered by it pursuant to this Agreement and to perform all obligations arising under this Agreement.

13.5 All sales and revenue taxes owed by Seller and/or due to be paid, if any, have been or will be paid prior to Closing.

13.6 Seller has no knowledge of any unrecorded easements, restrictions or encumbrances affecting all or any part of the Property.

13.7 Seller is not aware of any facts which prohibit it from closing this transaction in accordance with the terms hereof.

13.8 There are no agreements, waivers or other arrangements providing for any extension of time with respect to the assessment of any type of tax or deficiency against Seller with respect to the Property, nor to the best of Seller's knowledge, or are there any actions, suits, proceedings, investigations or claims for additional taxes and assessments asserted by an taxing authority.

13.9 With the exception of the lawsuit styled as *160 Royal Palm, LLC v. Town of Palm Beach*, Case No. 12-CA-023613-AA, Circuit Court, Palm Beach County, Florida, Seller has received no notice of, or to the best of Seller's knowledge, are there any municipal code violations, any violations under existing insurance policies, or any violations of existing construction affecting the Property. Except as noted above in the lawsuit, the Property is in compliance with all building and other codes and laws affecting the Property and Seller have at all times obtained the necessary permits for all work done on

the Property. With respect to a \$2,000 fine accruing daily with the Town of Palm Beach, and any other monetary fines, payments or sums due by Seller to the Town of Palm Beach or other governmental or quasi-governmental agency with respect to the Property, Seller shall be obligated to pay same in full and obtain a full release of the Property and full satisfaction no later than ninety (90) days from the Closing Date in the absence of which (i) Escrow Agent shall pay sums held back from Seller's proceeds as Closing or (ii) Buyer may pay all such monetary fines, payments or sums due by Seller to the Town of Palm Beach and deduct same from monies otherwise due from Buyer to Seller under the purchase money mortgage associated with the Seller financing referenced in paragraph 29 below.

13.10 Seller has not entered into any contracts, arrangements, licenses, concessions, easements or other agreements, including, without limitations, service arrangements and employment agreements, either recorded or unrecorded, written or oral, affecting the Property, or any portion thereof or the use thereof except with NJL Development Group which is terminable at will. Seller is not a party to any contract with respect to developing, constructing or operating the Property except as otherwise specifically stated in this Section 13.10.

13.11 From and after the date hereof, Seller shall continue to develop the Property in substantially the same manner as it is presently being developed and Seller will not modify any material aspect of the current Plans without Purchaser's approval.

13.12 Seller has no notice or knowledge of: (i) any Hazardous Substance (as hereinafter defined) present on the Property, (ii) any present or past generation, recycling, reuse, sale, storage, handling, transport and/or disposal of any Hazardous Substance on the Property, or (iii) any failure to comply with any applicable local, state or federal environmental laws, regulations, ordinances or administrative or judicial orders relating to the generation, recycling, reuse, sale, storage handling, transport and/or disposal of any Hazardous Substance. Seller has not received any notice from any governmental authority regarding the presence of any Hazardous Substance, any present or past generation, recycling, reuse, sale, storage, handling, transport and/or disposal of any Hazardous Substance or any failure to comply with any applicable local, state or federal environmental laws, regulations, ordinances or administrative or judicial orders relating to the generation, recycling, reuse, sale, storage, handling, transport and/or disposal of any Hazardous Substance. As used herein, the term "Hazardous Substance" means any substance or material defined or designated as a hazardous or toxic waste material or substance, or other similar term by CERCLA or RCRA or any other any federal, state or local environmental statute, regulation or ordinance presently or hereinafter in effect, as such statute, regulation or ordinance may be amended from time to time.

13.13 To the best of Seller's knowledge all property adjacent to the Property is not used for the benefit of the Property for any purpose, including, but not by way of limitation, storm drainage, utility service or access to the Property or in any way necessary for the operation or use of the Property.

13.14 Seller represents that any personal property to be conveyed herein is free from all liens and encumbrances and Seller can convey said personal property by Bill of Sale, Absolute at Closing.

13.15 Seller represents the following:

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(a) That it is a limited liability company duly organized, validly existing and in good standing under the laws of the State of Florida, and has all requisite company power to carry on its operations as now conducted by it and to enter into this Agreement and perform its obligations hereunder.

(b) That it is not under any legal disability which would affect its ability to enter into this Agreement and to perform its obligations hereunder. The Agreement has been executed and delivered by an authorized officer of Seller and is valid and binding and enforceable against Seller in accordance with its terms. All company action necessary for the approval and consummation of this Agreement has been taken and performed and Seller shall provide Purchaser with a manager or member resolution at Closing attesting to those facts and a Certificate of Good Standing from the State of Florida.

(c) The execution and consummation of the transaction contemplated by this Agreement will not result in the breach of any other term or provision of, or constitute a default under any other agreement to which the Seller is a party.

(d) All representations contained in this Section shall be in effect as of the Effective Date, as of the Closing Date, but shall not survive the Closing.

14. **NOTICES:** All notices required by this Agreement shall be hand delivered to the other party or sent by facsimile or email or mailed by certified mail, return receipt requested, postage prepaid, to the address set forth below, or to such other address as the parties may hereafter specify in writing and shall be deemed received upon receipt or refusal to accept:

14.1 Seller: Glenn F. Straub, Manager
160 Royal Palm, LLC
11198 Polo Club Road
Wellington, Florida 33414
(561) 596-9500 Telephone
(561) 798-7330 Facsimile

With a copy to: Craig T. Galle, Esquire
The Galle Law Group, P.A.
13501 South Shore Blvd. Suite 103
Wellington, Florida 33414
(561) 798-1708 Telephone
(561) 798-1709 Facsimile
E-Mail: Pololawyer@aol.com

14.2 Purchaser: Palm House PB, LLC
c/o Leslie Evans, Esq.



214 Brazilian Avenue
Suite 200
Palm Beach, Florida 33480
(561) 832-8288 Telephone
(561) 832-5722 Facsimile
Email: evans@Lrevanspa.com

With a copy to: Leslie Evans, Esq.
214 Brazilian Avenue
Suite 200
Palm Beach, Florida 33480
(561) 832-8288 Telephone
(561) 832-5722 Facsimile
Email: evans@Lrevanspa.com

14.3 Escrow Agent: Craig T. Galle, Esq.
The Galle Law Group, P.A.
13501 South Shore Boulevard, Suite 103
Wellington, Florida 33414
(561) 798-1708 Telephone
(561) 798-1709 Facsimile
E-Mail: pololawyer@aol.com

15. ESCROW AGENT

15.1 Escrow. The undersigned Escrow Agent shall hold the Deposit in an Escrow Agent's Trust Account until Closing, or sooner termination of this Agreement, and shall pay over or apply such proceeds in accordance with the terms of this Agreement.

15.2 Escrow Agent. Escrow Agent shall hold the Deposit(s) in its non-interest bearing lawyer trust account. If for any reason the Closing does not occur, and either party makes a written demand upon Escrow Agent for payment of such amount, except as elsewhere provided in this Agreement, Escrow Agent shall give written notice to the other party of such demand. If Escrow Agent does not receive a written objection from the other party to the proposed payment within five (5) business days after its receipt of such notice, Escrow Agent is hereby authorized to make such payment. If Escrow Agent does receive such written objection within such five (5) day period, or if for any other reason Escrow Agent in good faith shall elect not to make such payment, Escrow Agent shall continue to hold such amount until otherwise directed by written instructions signed by Seller and Purchaser, or by court order. However, Escrow Agent shall have the right at any time to interplead the escrowed sums and interest thereon, if any, with a court of competent jurisdiction. Escrow Agent shall give written notice of such deposit to Seller and Purchaser. Upon such deposit, Escrow Agent shall be relieved and discharged of all further obligations and responsibilities hereunder. In the event Purchaser timely terminates this Agreement prior to the expiration of the Due Diligence Period as provided in Article 4.4, then in that event, upon written request from Purchaser, Escrow Agent shall release the Deposit, and all accrued interest earned thereon, to the Purchaser, without further notice to or acknowledgment from the Seller.

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15.3 Documents. Escrow Agent is acting hereunder as a depository only, and is not responsible, or liable, in any manner whatsoever for the sufficiency, correctness, genuineness or validity of any instrument deposited with it, or of any notice or demand given to it or for the form of execution of such instrument, notice or demand, or for the identification, authority or right of any person executing, depositing or giving the same, or for the terms and conditions of any instrument, pursuant to which the parties may act.

15.4 Escrow Agent Liability. The parties acknowledge that Escrow Agent is acting solely as a stakeholder at their request and for their convenience, that Escrow Agent shall not be deemed to be the agent of either of the parties, and that Escrow Agent shall not be liable to either of the parties for any act or omission on its part unless taken or suffered in bad faith, in willful disregard of this Agreement, or involving gross negligence. Escrow Agent shall not have any duties or responsibilities, except those set forth in this Agreement and shall not incur any liability (i) in acting upon any signature, notice, demand, request, waiver, consent, receipt or other paper or document believed by Escrow Agent to be genuine and Escrow Agent may assume that any person purporting to give it any notice on behalf of any party in accordance with the provisions hereof has been duly authorized to do so, or (ii) in otherwise acting or failing to act under this Section, except in the case of Escrow Agent's gross negligence, or willful misconduct. Seller and Purchaser shall jointly and severally indemnify and hold Escrow Agent harmless from and against all costs, claims and expenses, including reasonable attorneys' fees, incurred in connection with the performance of Escrow Agent's duties hereunder, except with respect to actions or omissions taken, or suffered by, Escrow Agent in bad faith, in willful disregard of this Agreement, or involving gross negligence on the part of Escrow Agent.

15.5 Acknowledgment. Escrow Agent has acknowledged agreement to these provisions by signing in the place indicated on the signature page of this Agreement. The parties acknowledge that the Escrow Agent is counsel to the Purchaser and notwithstanding any dispute that may arise between the parties, Purchaser's counsel may continue to represent the interests of the Purchaser.

16. DEFAULT.

16.1 Purchaser Default. If Purchaser fails to perform any of its obligations under this Agreement, Seller shall provide Purchaser with written notice specifying such default. In the event Purchaser fails to cure such default within ten (10) days of receipt of written notice ("Cure Period"), Seller shall, as its sole and exclusive remedy, have the right to retain the Deposit as agreed upon and liquidated damages and not as a penalty.

16.2 Seller Default. If Seller fails to perform any of the covenants of this Agreement, Purchaser shall provide Seller with written notice specifying such default. In the event Seller fails to cure such default within ten (10) days of receipt of written notice, Purchaser's sole remedy shall be either the return of the Deposit to Purchaser or to maintain an action for the specific performance of this Agreement.

17. TIME FOR ACCEPTANCE. This Agreement shall be open for acceptance by Purchaser at any time before 6:00 p.m. on August 16, 2013. If not timely executed and delivered by Purchaser to Seller, the Agreement shall become null and void.

July 17/13

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18. ASSIGNMENT. This Agreement may be assigned by the Purchaser without the Seller's consent provided, however, that in the event of an assignment, Purchaser shall remain fully liable under the terms of this Agreement should Purchaser's assignee fail to perform.

19. PREPARATION OF DOCUMENTS. Seller's attorney shall prepare the Warranty Deed, Bill of Sale, Absolute, Seller's Affidavit, Assignment of Contracts and Closing Statements.

20. ATTORNEYS' FEES AND COSTS. In connection with any litigation arising out of this Agreement, the prevailing party, whether Purchaser or Seller, shall be entitled to recover all costs and expenses incurred, including reasonable attorneys' fees for services rendered in connection with such litigation, including post-judgment, bankruptcy and appellate proceedings.

21. APPLICABLE LAW; JURISDICTION AND VENUE. This Agreement shall be governed and construed in accordance with the laws of the State of Florida and the parties do hereby voluntarily and irrevocably submit themselves to the jurisdiction of the Florida State Courts with respect to all actions and causes of action arising out of, in conjunction with or with respect to this Agreement. If any provision, or any portion of this Agreement, or the application to any person or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this Agreement, or the application of such provision, or portion thereof, to any other person or circumstance shall not be affected thereby, and each provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law and equity. The exclusive jurisdiction and venue with respect to actions and causes of action arising out of or concerning this Agreement shall be in the Florida State Courts in Palm Beach County, Florida.

22. CAPTIONS. The descriptive captions contained herein are for convenience only and shall not control or affect the meaning or construction of any provision hereof.

23. INTEGRATION. This Agreement constitutes the entire agreement between the parties hereto in respect of the subject matter hereof and supersedes any and all other written or oral agreements, representations, documents, memoranda, and understandings between the parties relating to such subject matter.

24. BINDING EFFECT. This Agreement shall be governed by and construed in accordance with the laws of the State of Florida, and shall be binding upon, and shall inure to the benefit of, the parties hereto and their respective legal representatives, successors and assigns.

25. NO INTERPRETATION AGAINST DRAFTER. This Agreement is a result of negotiations between the Purchaser and Seller and is not to be construed more strongly against one party than the other.

26. AGREEMENT NOT RECORDABLE. Neither this Agreement, nor any notice of it, shall be recorded in the Public Records of Palm Beach County, Florida.

27. SECTION 1031 EXCHANGE. Seller acknowledges that Purchaser may acquire the Property in exchange for like-kind property (the "Exchange") in a manner that

will qualify for tax deferral under Section 1031 of the Internal Revenue Code. To effectuate the Exchange, Purchaser may assign Purchaser's rights in, and delegate Purchaser's duties under, this Agreement to any exchange accommodator ("Accommodator"), which Purchaser may reasonably select. Seller agrees to cooperate with Purchaser in connection with the Exchange including, without limitation, the execution of documents reasonably necessary to effectuate the transfer of the Premises from Seller to Accommodator, provided (i) such Exchange shall not extend or otherwise delay the Closing past the Closing Date, (ii) Seller shall not be obligated to pay any additional escrow costs, brokerage commissions, title charges, survey costs, attorneys' fees, recording costs or other charges incurred as a result of Purchaser undertaking the Exchange, and (iii) if, for any reason, the Closing does not occur, Seller shall have no responsibility or liability to any third party involved in the Exchange. Purchaser hereby agrees to indemnify, defend, protect and hold harmless Seller from and against any and all claims and liability that may arise in connection with the Exchange, unless caused by Seller's breach of any provision of this Agreement. Seller makes absolutely no representations or warranties of any kind or nature (express or implied) that tax-deferred exchange treatment is available to Purchaser with respect to the Exchange, or that such a transaction will qualify in any respect for such treatment, and Seller shall incur no liability if the Exchange fails to qualify for the tax-deferred treatment intended by Purchaser.

28. FINANCING. Seller agrees to finance the Property, at Purchaser's option, as follows:

(a) With a cash down payment of twenty-five percent (25%), Seller will finance the balance of the Purchase Price with a loan containing a floating interest rate at the Prime Rate, plus two percent (2%), to be adjusted semi-annually which interest rate shall in no event be less than six percent (6%) at any given time. Purchaser's loan repayments shall be calculated based upon a ten (10) year amortization schedule. Monthly principle and interest payments shall commence on November 1, 2014; and a balloon payment shall be due from Purchaser five (5) years from the Closing Date;

(b) Seller to be secured by a first mortgage lien on the Property;

(c) As used herein, the "Prime Rate" shall mean the "prime rate" as published in www.bloomberg.com, or, if no longer published as such, the rate of interest announced from time to time by Bank of America, N.A., as its prime rate, base rate or reference rate. If www.bloomberg.com publishes more than one "prime rate", then the Prime Rate shall be the average of such rates.

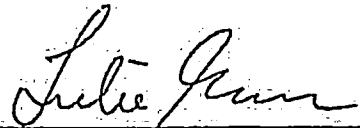
(d) Seller's financing shall not contain any prepayment penalty provisions or the requirement for any personal guarantees.

(e) Purchaser shall be entitled to further encumber the Property with a second mortgage securing construction or other financing provided that such secondary financing is subordinated to Seller's first mortgage lien on the Property.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed in their respective names, on the dates set forth below.

PURCHASER:


Palm House PB, LLC, a Florida limited liability company

By: 
Leslie Evans, Its Managing Member

Date of Execution: August 16, 2013

SELLER:

160 Royal Palm, LLC, a Florida limited liability company

BY: 
Glenn F. Straub, Its Manager

Date of Execution: August 15, 2013

EXHIBIT "A"

LEGAL DESCRIPTION

Lots 31, 32 and 33, Block F of REVISED MAP OF ROYAL PARK ADDITION TO PALM BEACH, FLORIDA, according to the Plat thereof as recorded in Plat Book 4, Page(s) 1, of the Public Records of Palm Beach County, Florida.

NOT A CERTIFIED COPY

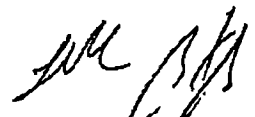


EXHIBIT "B"

SELLER'S DELIVERIES

Copies of the documents referenced in Paragraph 1.1 of the Contract.

NOT A CERTIFIED COPY

John A. [Signature]

EXHIBIT "C"

During the time that the Seller's financing is still in place, Purchaser shall not allow any construction liens to be recorded against the Property. To the extent that a Contractor records a construction lien, during the time that Seller's financing is still in place, Purchaser shall within ten days either (i) pay the lien amount and obtain a Release of lien in recordable form, or (ii) bond off of the lien by depositing a sufficient sum ^{with} the Clerk of Court and obtain an order transferring the lien off of the Property onto the bond. If Purchaser fails to ~~perform~~ timely ~~to~~ perform any either of the alternatives in the preceding sentence, it shall be a default of the mortgage.

Palm Home PB LLC

by [Signature]
Managing Member

S

160 RYM PARK, LLC

[Signature]

000075

EXHIBIT "C"

During the time that the Seller's financing is still in place, Purchaser shall not allow any construction liens to be recorded against the Property. To the extent that a Contractor records a construction lien, during the time that Seller's financing is still in place, Purchaser shall within ten days either (i) pay the lien amount and obtain a Release of lien in recordable form, or (ii) bond off of the lien by depositing a sufficient sum ^{with} the Clerk of Court and obtain an order transferring the lien off of the Property onto the bond. If Purchaser fails to ~~perform~~ timely ~~to~~ perform any either of the alternatives in the preceding sentence, it shall be a default of the mortgage.

Palmer House PB LLC

by Lutey Green
Managing Member

S
1600 Rym prum, LLC

000076

FIRST AMENDMENT TO
"AS IS" AGREEMENT FOR PURCHASE AND SALE

This First Amendment to "As Is" Agreement for Purchase and Sale ("Agreement") dated as of the ~~20~~²¹ day of AUGUST, 2013 the ("Effective Date").

WHEREAS, the Agreement was made and entered into by and between Palm House PB, LLC, a Florida limited liability company ("PHPB"), and 160 Royal Palm, LLC, a Florida limited liability company ("160RP"); and

WHEREAS, PHPB and 160RP desire to amend the Agreement as set forth below; and

NOW, THEREFORE, it is hereby agreed as follows:

1. Assignment. As of the Effective Date, PHPB hereby assigns to Palm House, LLC ("PH"), a Delaware limited liability company, all of its right, title and interest in and to the Agreement. PH hereby assumes, and agrees to perform, all obligations of PHPB under the Agreement, as amended herein. 160RP hereby consents to such assignment.

2. Option to Purchase Membership Interests in 160RP. PH shall have the option, at any time prior to Closing, in lieu of purchasing the fee interest in the Property, to purchase all of the membership interests in 160RP. If PH so elects, the provisions of this Section 2 shall apply:

In the event that PH shall exercise such option:

- (a) The Property will not be transferred to PH.
- (b) All rights and obligations of 160RP in the Agreement will instead be rights and obligations of Straub. Without limitation of the foregoing, it is specifically understood and agreed that the representations and warranties of Section 13 of the Agreement are and shall be representations and warranties of Straub personally as sole member of 160RP.
- (c) PH will purchase, and Straub will convey to PH, one hundred percent (100%) of the membership interests of 160RP pursuant to that certain Assignment of Interest in 160 attached as Exhibit A hereto.
- (d) PH will receive a credit in the amount of \$150,000 against the amount of net cash PH is required to deliver to Straub at Closing (as provided in Section 5.4.1 of the Agreement).

2. Confidentiality. Except with the prior consent of the members of PH, neither Straub nor any other person or entity controlled by affiliated with Straub shall disclose to the Town of Palm Beach or any of its employees or representatives any information about the Agreement, as amended herein, or any transaction thereunder, including the possibility of the sale or change of control of the Property, status of discussions or negotiations, the execution of any documents or any of the terms of such transactions unless required by applicable law. This covenant shall survive Closing.

3. Further Assurances. Subject to the terms of the Amended Purchase and Sale Agreement, at and from time to time following the Closing Date, the parties shall, and shall use commercially reasonable efforts to cause their respective affiliates, stockholders, equity holders, directors, partners, members, officers, employees, consultants, agents and representatives to, execute, deliver, file and record any and all agreements, instruments, certificates or other documents and take such other actions as may be necessary or desirable to consummate or implement expeditiously the transactions contemplated by the Agreement as amended herein; provided, however, that the foregoing shall not require any party to incur more than de minimis out-of-pocket costs or expenses, unless the party requesting the subject action has undertaken to reimburse such costs.

John

4. Tax Cooperation. Each party hereto agrees to reflect on all tax forms or tax returns to be filed with any federal, state or local governmental agency or taxing authority the transactions contemplated hereunder (including any allocations or distributions made by 160RP) in a manner that to the greatest extent possible is consistent with the form in which the transactions were closed under the Agreement as amended herein.

5. Miscellaneous. Capitalized terms not defined herein shall be defined as in the Agreement. Except as amended hereby, the Agreement shall remain in full force and effect.

6. Conflict. In the event of a conflict between any of the terms of this First Amendment and the terms of the Agreement, the terms of this First Amendment shall control.

In witness whereof, the parties hereto have executed this First Amendment as of the date first written above.

Palm House PB, LLC, a Florida limited liability company

By: Ryan Black by Leslie Robert Strum under
Palm House PB, LLC, Its Managing Member Power of Attorney
Ryan Black by Leslie Robert Strum under
Palm House PB, LLC, Its Managing Member Power of Attorney

160 Royal Palm, LLC, a Florida limited liability company

By: [Signature]
Glenn F. Straub, Its Manager

Palm House, LLC, a Delaware limited liability company

By: Ryan Black by Leslie Robert Strum under
Palm House, LLC, Its Managing Member Power of Attorney
by Leslie Robert Strum under
Palm House, LLC, Its Managing Member Power of Attorney

[Signature]
GLENN F. STRAUB, Individually

SECOND AMENDMENT TO
"AS IS" AGREEMENT FOR PURCHASE AND SALE

This Second Amendment to "As Is" Agreement for Purchase and Sale ("Agreement") dated as of the 29th day of August, 2013 the ("Effective Date").

WHEREAS, the Agreement was made and entered into by and between Palm House PB, LLC, a Florida limited liability company ("PHPB"), and 160 Royal Palm, LLC, a Florida limited liability company ("160RP"), as executed on August 15, 2013 as amended; and


WHEREAS, PHPB and 160RP desire to amend the Agreement as set forth below; and

NOW, THEREFORE, it is hereby agreed as follows:

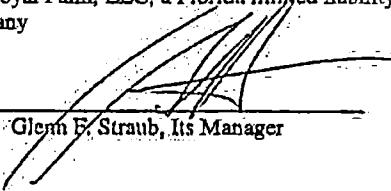
1. Closing Date. The Closing Date shall be August 30, 2013.
2. Miscellaneous. Capitalized terms not defined herein shall be defined as in the Agreement. Except as amended hereby, the Agreement shall remain in full force and effect.
3. Conflict. In the event of a conflict between any of the terms of this First Amendment and the terms of the Agreement; the terms of this First Amendment shall control.

In witness whereof, the parties hereto have executed this Second Amendment as of the date first written above.

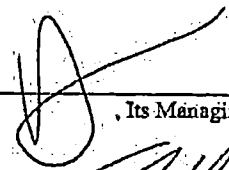
Palm House PB, LLC, a Florida limited liability company

By: 
Leslie Evans, Its Managing Member

160 Royal Palm, LLC, a Florida limited liability company

By: 
Glenn F. Straub, Its Manager

Palm House, LLC, a Delaware limited liability company

By: 
, Its Managing Member


GLENN F. STRAUB, Individually

EXHIBIT “10”

NOT A CERTIFIED COPY

Fill in this information to identify your case:

United States Bankruptcy Court for the:

SOUTHERN DISTRICT OF FLORIDA

Case number (if known)

Chapter 11☐ Check if this an amended filing**Official Form 201****Voluntary Petition for Non-Individuals Filing for Bankruptcy**

4/16

If more space is needed, attach a separate sheet to this form. On the top of any additional pages, write the debtor's name and case number (if known). For more information, a separate document, *Instructions for Bankruptcy Forms for Non-Individuals*, is available.

1. Debtor's name 160 Royal Palm, LLC

2. All other names debtor used in the last 8 years

Include any assumed names, trade names and doing business as names

3. Debtor's federal Employer Identification Number (EIN) 27-0925854

4. Debtor's address Principal place of business

101 Casa Bendita
Palm Beach, FL 33480
 Number, Street, City, State & ZIP Code

Palm Beach
 County

Mailing address, if different from principal place of business

1118 Waterway Lane
Delray Beach, FL 33483
 P.O. Box, Number, Street, City, State & ZIP Code

Location of principal assets, if different from principal place of business

160 Royal Palm Way Palm Beach, FL 33480
 Number, Street, City, State & ZIP Code

5. Debtor's website (URL)

6. Type of debtor ☒ Corporation (including Limited Liability Company (LLC) and Limited Liability Partnership (LLP))
☐ Partnership (excluding LLP)
☐ Other. Specify: _____

Debtor **160 Royal Palm, LLC**
Name

Case number (if known)

7. Describe debtor's business A. Check one:

- ☐ Health Care Business (as defined in 11 U.S.C. § 101(27A))
- ☐ Single Asset Real Estate (as defined in 11 U.S.C. § 101(51B))
- ☐ Railroad (as defined in 11 U.S.C. § 101(44))
- ☐ Stockbroker (as defined in 11 U.S.C. § 101(53A))
- ☐ Commodity Broker (as defined in 11 U.S.C. § 101(6))
- ☐ Clearing Bank (as defined in 11 U.S.C. § 781(3))
- ☒ None of the above

B. Check all that apply

- ☐ Tax-exempt entity (as described in 26 U.S.C. § 501)
- ☐ Investment company, including hedge fund or pooled investment vehicle (as defined in 15 U.S.C. § 80a-3)
- ☐ Investment advisor (as defined in 15 U.S.C. § 80b-2(a)(11))

C. NAICS (North American Industry Classification System) 4-digit code that best describes debtor.
See <http://www.uscourts.gov/four-digit-national-association-naics-codes>.

8. Under which chapter of the Bankruptcy Code is the debtor filing?

Check one:

- ☐ Chapter 7
- ☐ Chapter 9

☒ Chapter 11. Check all that apply:

- ☐ Debtor's aggregate noncontingent liquidated debts (excluding debts owed to insiders or affiliates) are less than \$2,566,050 (amount subject to adjustment on 4/01/19 and every 3 years after that).
- ☐ The debtor is a small business debtor as defined in 11 U.S.C. § 101(51D). If the debtor is a small business debtor, attach the most recent balance sheet, statement of operations, cash-flow statement, and federal income tax return or if all of these documents do not exist, follow the procedure in 11 U.S.C. § 1116(1)(B).
- ☐ A plan is being filed with this petition.
- ☐ Acceptances of the plan were solicited prepetition from one or more classes of creditors, in accordance with 11 U.S.C. § 1126(b).
- ☐ The debtor is required to file periodic reports (for example, 10K and 10Q) with the Securities and Exchange Commission according to § 13 or 15(d) of the Securities Exchange Act of 1934. File the attachment to Voluntary Petition for Non-Individuals Filing for Bankruptcy under Chapter 11 (Official Form 201A) with this form.
- ☐ The debtor is a shell company as defined in the Securities Exchange Act of 1934 Rule 12b-2.

☐ Chapter 12**9. Were prior bankruptcy cases filed by or against the debtor within the last 8 years?**

- ☒ No.
- ☐ Yes.

If more than 2 cases, attach a separate list,

District	_____	When	_____	Case number	_____
District	_____	When	_____	Case number	_____

10. Are any bankruptcy cases pending or being filed by a business partner or an affiliate of the debtor?

- ☒ No
- ☐ Yes.

List all cases. If more than 1, attach a separate list

Debtor	_____	Relationship	_____
District	_____	When	_____
		Case number, if known	_____

Debtor **160 Royal Palm, LLC**
Name

Case number (if known)

11. Why is the case filed in this district?

Check all that apply:

- ☒ Debtor has had its domicile, principal place of business, or principal assets in this district for 180 days immediately preceding the date of this petition or for a longer part of such 180 days than in any other district.
- ☐ A bankruptcy case concerning debtor's affiliate, general partner, or partnership is pending in this district.

12. Does the debtor own or have possession of any real property or personal property that needs immediate attention?☐ No☒ Yes.

Answer below for each property that needs immediate attention. Attach additional sheets if needed.

Why does the property need immediate attention? (Check all that apply.)☐ It poses or is alleged to pose a threat of imminent and identifiable hazard to public health or safety.

What is the hazard?

☐ It needs to be physically secured or protected from the weather.☐ It includes perishable goods or assets that could quickly deteriorate or lose value without attention (for example, livestock, seasonal goods, meat, dairy, produce, or securities-related assets or other options).☒ Other **Principal asset is an abandoned construction project in state court receivership.****Where is the property?****160 Royal Palm Way
Palm Beach, FL, 33480-0000**

Number, Street, City, State & ZIP Code

Is the property insured?☐ No☒ Yes.

Insurance agency

Plastridge Insurance Agency

Contact name

Connor C. Lynch

Phone

561-276-5221**Statistical and administrative information****13. Debtor's estimation of available funds**

Check one:

☒ Funds will be available for distribution to unsecured creditors.☐ After any administrative expenses are paid, no funds will be available to unsecured creditors.**14. Estimated number of creditors**☐ 1-49☐ 50-99☒ 100-199☐ 200-999☐ 1,000-5,000☐ 5001-10,000☐ 10,001-25,000☐ 25,001-50,000☐ 50,001-100,000☐ More than 100,000**15. Estimated Assets**☐ \$0 - \$50,000☐ \$50,001 - \$100,000☐ \$100,001 - \$500,000☐ \$500,001 - \$1 million☐ \$1,000,001 - \$10 million☒ \$10,000,001 - \$50 million☐ \$50,000,001 - \$100 million☐ \$100,000,001 - \$500 million☐ \$500,000,001 - \$1 billion☐ \$1,000,000,001 - \$10 billion☐ \$10,000,000,001 - \$50 billion☐ More than \$50 billion**16. Estimated liabilities**☐ \$0 - \$50,000☐ \$50,001 - \$100,000☐ \$100,001 - \$500,000☐ \$500,001 - \$1 million☐ \$1,000,001 - \$10 million☐ \$10,000,001 - \$50 million☐ \$50,000,001 - \$100 million☒ \$100,000,001 - \$500 million☐ \$500,000,001 - \$1 billion☐ \$1,000,000,001 - \$10 billion☐ \$10,000,000,001 - \$50 billion☐ More than \$50 billion

Debtor 160 Royal Palm, LLC
Name

Case number (if known) _____

Request for Relief, Declaration, and Signatures**WARNING** – Bankruptcy fraud is a serious crime. Making a false statement in connection with a bankruptcy case can result in fines up to \$500,000 or imprisonment for up to 20 years, or both. 18 U.S.C. §§ 152, 1341, 1519, and 3571.**17. Declaration and signature of authorized representative of debtor**

The debtor requests relief in accordance with the chapter of title 11, United States Code, specified in this petition.

I have been authorized to file this petition on behalf of the debtor.

I have examined the information in this petition and have a reasonable belief that the information is true and correct.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on August 2, 2018

MM/DD/YYYY

x

Cary Glickstein
Signature of authorized representative of debtorCary Glickstein

Printed name

Title Sole and Exclusive Manager**18. Signature of attorney**

x

Philip J. Landau
Signature of attorney for debtorDate August 2, 2018

MM/DD/YYYY

Philip J. Landau 504017

Printed name

Shralberg Landau & Page PA

Firm name

2385 NW Executive Center DrSuite 300Boca Raton, FL 33431

Number, Street, City, State & ZIP Code

Contact phone 561 443 0800Email address plandau@slp.law604017 FL

Bar number and State

Fill in this information to identify the case:

Debtor name **160 Royal Palm, LLC**United States Bankruptcy Court for the: **SOUTHERN DISTRICT OF FLORIDA**

Case number (if known) _____

☐ Check if this is an amended filing

Official Form 202

Declaration Under Penalty of Perjury for Non-Individual Debtors

12/15

An individual who is authorized to act on behalf of a non-individual debtor, such as a corporation or partnership, must sign and submit this form for the schedules of assets and liabilities, any other document that requires a declaration that is not included in the document, and any amendments of those documents. This form must state the individual's position or relationship to the debtor, the identity of the document, and the date. Bankruptcy Rules 1008 and 9011.

WARNING -- Bankruptcy fraud is a serious crime. Making a false statement, concealing property, or obtaining money or property by fraud in connection with a bankruptcy case can result in fines up to \$500,000 or imprisonment for up to 20 years, or both. 18 U.S.C. §§ 152, 1341, 1519, and 3571.

Declaration and signature

I am the president, another officer, or an authorized agent of the corporation; a member or an authorized agent of the partnership; or another individual serving as a representative of the debtor in this case.

I have examined the information in the documents checked below and I have a reasonable belief that the information is true and correct:

- ☒ *Schedule A/B: Assets--Real and Personal Property* (Official Form 206A/B)
- ☒ *Schedule D: Creditors Who Have Claims Secured by Property* (Official Form 206D)
- ☒ *Schedule E/F: Creditors Who Have Unsecured Claims* (Official Form 206E/F)
- ☒ *Schedule G: Executory Contracts and Unexpired Leases* (Official Form 206G)
- ☒ *Schedule H: Codebtors* (Official Form 206H)
- ☒ *Summary of Assets and Liabilities for Non-Individuals* (Official Form 206Sum)
- ☐ *Amended Schedule*
- ☒ *Chapter 11 or Chapter 9 Cases: List of Creditors Who Have the 20 Largest Unsecured Claims and Are Not Insiders* (Official Form 204)
- ☐ Other document that requires a declaration _____

I declare under penalty of perjury that the foregoing is true and correct.

Executed on **August 2, 2018**

X

Signature of individual signing on behalf of debtor

Cary Glickstein

Printed name

Sole and Exclusive Manager

Position or relationship to debtor

Fill in this information to identify the case:

Debtor name **160 Royal Palm, LLC**
 United States Bankruptcy Court for the: **SOUTHERN DISTRICT OF FLORIDA**
 Case number (if known): _____

☐ Check if this is an
 amended filing

Official Form 204**Chapter 11 or Chapter 9 Cases: List of Creditors Who Have the 20 Largest Unsecured Claims and Are Not Insiders**

12/15

A list of creditors holding the 20 largest unsecured claims must be filed in a Chapter 11 or Chapter 9 case. Include claims which the debtor disputes. Do not include claims by any person or entity who is an insider, as defined in 11 U.S.C. § 101(31). Also, do not include claims by secured creditors, unless the unsecured claim resulting from inadequate collateral value places the creditor among the holders of the 20 largest unsecured claims.

Name of creditor and complete mailing address, including zip code	Name, telephone number and email address of creditor contact	Nature of claim (for example, trade debts, bank loans, professional services, and government contracts)	Indicate if claim is contingent, unliquidated, or disputed	Amount of claim If the claim is fully unsecured, fill in only unsecured claim amount. If claim is partially secured, fill in total claim amount and deduction for value of collateral or setoff to calculate unsecured claim.		
				Total claim, if partially secured	Deduction for value of collateral or setoff	Unsecured claim
Dongsheng Zhu c/o Edward Marod 777 S. Flagler Drive Suite 500E West Palm Beach, FL 33401						\$660,665.31
Feng Guo c/o Edward A. Marod 777 S. Flagler Drive Suite 500E West Palm Beach, FL 33401						\$675,343.06
Hali Eversen c/o Edward A. Marod 777 S. Flagler Drive Suite 500E West Palm Beach, FL 33401						\$690,223.68
Junqiang Feng c/o Edward A. Marod 777 S. Flagler Drive Suite 500E West Palm Beach, FL 33401						\$664,947.20
KK-PB Financial LLC 13501 South Shore Boulevard Suite 101 Wellington, FL 33414		160 Royal Palm Way, Palm Beach FL	Disputed	\$27,468,750.00	\$16,100,000.00	\$11,418,141.76

Debtor **160 Royal Palm, LLC**
Name

Case number (if known)

Name of creditor and complete mailing address, including zip code	Name, telephone number and email address of creditor contact	Nature of claim (for example, trade debts, bank loans, professional services,	Indicate if claim is contingent, unliquidated, or disputed	Amount of claim If the claim is fully unsecured, fill in only unsecured claim amount. If claim is partially secured, fill in total claim amount and deduction for value of collateral or setoff to calculate unsecured claim.		
				Total claim, if partially secured	Deduction for value of collateral or setoff	Unsecured claim
Lan Li c/o Edward A. Marod 777 S. Flagler Drive Suite 500E West Palm Beach, FL 33401						\$672,672.48
New Haven Contracting South, Inc. 638 Shore Drive Boynton Beach, FL 33435		160 Royal Palm Way, Palm Beach FL	Disputed	\$3,387,855.55	\$16,100,000.00	\$3,387,855.55
Palm House Hotel, LLLP 197 S. Federal Highway, Suite 200 Boca Raton, FL 33432		action for conversion of loan funds	Disputed			\$39,500,000.00
Sha Shi c/o Edward A. Marod 777 S. Flagler Drive Suite 500E West Palm Beach, FL 33401						\$668,426.00
Tao Xiong c/o Edward A. Marod 777 S. Flagler Drive Suite 500E West Palm Beach, FL 33401						\$665,530.24
Tingting Sun c/o Edward A. Marod 777 S. Flagler Drive Suite 500E West Palm Beach, FL 33401						\$666,662.66
Tonghui Luan c/o Edward A. Marod 777 S. Flagler Drive Suite 500E West Palm Beach, FL 33401						\$666,355.45
Town of Palm Beach 345 South County Road Palm Beach, FL 33480-4443		Development Agreement	Disputed			\$2,796,000.00

Debtor **160 Royal Palm, LLC.**
Name

Case number (if known)

Name of creditor and complete mailing address, including zip code	Name, telephone number and email address of creditor contact	Nature of claim (for example, trade debts, bank loans, professional services,	Indicate if claim is contingent, unliquidated, or disputed	Amount of claim If the claim is fully unsecured, fill in only unsecured claim amount. If claim is partially secured, fill in total claim amount and deduction for value of collateral or setoff to calculate unsecured claim.		
				Total claim, if partially secured	Deduction for value of collateral or setoff	Unsecured claim
Wenhao Zhang c/o Edward A. Marod 777 S. Flagler Drive Suite 500E West Palm Beach, FL 33401						\$668,426.00
Xiao Sun c/o Edward Marod 777 S. Flagler Drive Suite 500E West Palm Beach, FL 33401						\$664,865.12
Xiaonan Wang c/o Edward A. Marod 777 S. Flagler Drive Suite 500E West Palm Beach, FL 33401						\$663,416.72
Yawen Li c/o Edward A. Marod 777 S. Flagler Drive Suite 500E West Palm Beach, FL 33401						\$664,865.12
Ying Tan c/o Edward A. Marod 777 S. Flagler Drive Suite 500E West Palm Beach, FL 33401						\$666,404.80
Yuanbo Wang c/o Edward A. Marod 777 S. Flagler Drive Suite 500E West Palm Beach, FL 33401						\$668,840.54
Zheng Yu c/o Edward A. Marod 777 S. Flagler Drive Suite 500E West Palm Beach, FL 33401						\$664,865.12

Fill in this information to identify the case:

Debtor name **160 Royal Palm, LLC**United States Bankruptcy Court for the: **SOUTHERN DISTRICT OF FLORIDA**

Case number (if known) _____

☐ Check if this is an amended filing**Official Form 206Sum
Summary of Assets and Liabilities for Non-Individuals**

12/15

Part 1: Summary of Assets**1. Schedule A/B: Assets-Real and Personal Property** (Official Form 206A/B)**1a. Real property:**Copy line 88 from Schedule A/B..... \$ **16,100,000.00****1b. Total personal property:**Copy line 91A from Schedule A/B..... \$ **347,759.46****1c. Total of all property:**Copy line 92 from Schedule A/B..... \$ **16,447,759.46****Part 2: Summary of Liabilities****2. Schedule D: Creditors Who Have Claims Secured by Property** (Official Form 206D)Copy the total dollar amount listed in Column A, Amount of claim, from line 3 of Schedule D..... \$ **31,150,332.24****3. Schedule E/F: Creditors Who Have Unsecured Claims** (Official Form 206E/F)**3a. Total claim amounts of priority unsecured claims:**Copy the total claims from Part 1 from line 5a of Schedule E/F..... \$ **0.00****3b. Total amount of claims of nonpriority amount of unsecured claims:**Copy the total of the amount of claims from Part 2 from line 5b of Schedule E/F..... +\$ **83,776,644.33****4. Total liabilities**

Lines 2 + 3a + 3b

\$ **114,926,976.57**

Fill in this information to identify the case:

Debtor name **160 Royal Palm, LLC**United States Bankruptcy Court for the: **SOUTHERN DISTRICT OF FLORIDA**

Case number (if known) _____

☐ Check if this is an amended filing**Official Form 206A/B****Schedule A/B: Assets - Real and Personal Property**

12/15

Disclose all property, real and personal, which the debtor owns or in which the debtor has any other legal, equitable, or future interest. Include all property in which the debtor holds rights and powers exercisable for the debtor's own benefit. Also include assets and properties which have no book value, such as fully depreciated assets or assets that were not capitalized. In Schedule A/B, list any executory contracts or unexpired leases. Also list them on *Schedule G: Executory Contracts and Unexpired Leases* (Official Form 206G).

Be as complete and accurate as possible. If more space is needed, attach a separate sheet to this form. At the top of any pages added, write the debtor's name and case number (if known). Also identify the form and line number to which the additional information applies. If an additional sheet is attached, include the amounts from the attachment in the total for the pertinent part.

For Part 1 through Part 11, list each asset under the appropriate category or attach separate supporting schedules, such as a fixed asset schedule or depreciation schedule, that gives the details for each asset in a particular category. List each asset only once. In valuing the debtor's interest, do not deduct the value of secured claims. See the instructions to understand the terms used in this form.

Part 1: Cash and cash equivalents**1. Does the debtor have any cash or cash equivalents?**☐ No. Go to Part 2.☒ Yes Fill in the information below.

All cash or cash equivalents owned or controlled by the debtor

Current value of debtor's interest

3. Checking, savings, money market, or financial brokerage accounts (Identify all)

Name of institution (bank or brokerage firm)

Type of account

Last 4 digits of account number

3.1. **Seacoast Bank****Custodial****0276****\$319,701.52**3.2. **Seacoast Bank****Operating Account****7073****\$57.94****4. Other cash equivalents (Identify all)****5. Total of Part 1.**

Add lines 2 through 4 (including amounts on any additional sheets). Copy the total to line 80.

\$319,759.46**Part 2: Deposits and Prepayments****6. Does the debtor have any deposits or prepayments?**☒ No. Go to Part 3.☐ Yes Fill in the information below.**Part 3: Accounts receivable****10. Does the debtor have any accounts receivable?**☒ No. Go to Part 4.☐ Yes Fill in the information below.**Part 4: Investments**

Official Form 206A/B

Schedule A/B Assets - Real and Personal Property

page 1

Debtor 160 Royal Palm, LLC
Name

Case number (if known) _____

13. Does the debtor own any investments?

- ☒ No. Go to Part 5.
☐ Yes Fill in the information below.

Part 5: Inventory, excluding agriculture assets**18. Does the debtor own any inventory (excluding agriculture assets)?**

- ☒ No. Go to Part 6.
☐ Yes Fill in the information below.

Part 6: Farming and fishing-related assets (other than titled motor vehicles and land)**27. Does the debtor own or lease any farming and fishing-related assets (other than titled motor vehicles and land)?**

- ☒ No. Go to Part 7.
☐ Yes Fill in the information below.

Part 7: Office furniture, fixtures, and equipment; and collectibles**38. Does the debtor own or lease any office furniture, fixtures, equipment, or collectibles?**

- ☐ No. Go to Part 8.
☒ Yes Fill in the information below.

	General description	Net book value of debtor's interest (Where available)	Valuation method used for current value	Current value of debtor's interest
39.	Office furniture Standard desks, credenzas, filing cabinets; miscellaneous hotel room furnishings for one (1) hotel suite	\$0.00		\$0.00
40.	Office fixtures			
41.	Office equipment, including all computer equipment and communication systems equipment and software photo copy machine, desktop computers; miscellaneous hand tools and construction parts, miscellaneous building materials consisting of stacked drywall, assorted millwork (interior wood doors and wood door frames, wood moldings, and wood cabinets, several unattached toilets, assorted uninstalled mechanical (HVAC) equipment, assorted roof tiles, miscellaneous metal framing materials and metal doors.	\$0.00		\$0.00
42.	Collectibles Examples: Antiques and figurines; paintings, prints, or other artwork; books, pictures, or other art objects; china and crystal; stamp, coin, or baseball card collections; other collections, memorabilia, or collectibles			
42.1.	Assorted framed photographs	\$0.00		\$3,000.00

43. Total of Part 7.

Add lines 39 through 42. Copy the total to line 86.

\$3,000.00

Debtor **160 Royal Palm, LLC**
Name

Case number (if known)

44. Is a depreciation schedule available for any of the property listed in Part 7?

- ☒ No
☐ Yes

45. Has any of the property listed in Part 7 been appraised by a professional within the last year?

- ☒ No
☐ Yes

Part 8: Machinery, equipment, and vehicles

46. Does the debtor own or lease any machinery, equipment, or vehicles?

- ☒ No. Go to Part 9.
☐ Yes Fill in the information below.

Part 9: Real property

54. Does the debtor own or lease any real property?

- ☐ No. Go to Part 10.
☒ Yes Fill in the information below.

55. Any building, other improved real estate, or land which the debtor owns or in which the debtor has an interest

Description and location of property Include street address or other description such as Assessor Parcel Number (APN), and type of property (for example, acreage, factory, warehouse, apartment or office building, if available.	Nature and extent of debtor's interest In property	Net book value of debtor's interest (Where available)	Valuation method used for current value	Current value of debtor's interest
55.1. 160 Royal Palm Way, Palm Beach FL	Fee Simple	\$0.00	Appraisal	\$16,100,000.00

56. Total of Part 9.

Add the current value on lines 55.1 through 55.6 and entries from any additional sheets.
Copy the total to line 88.**\$16,100,000.00**

57. Is a depreciation schedule available for any of the property listed in Part 9?

- ☒ No
☐ Yes

58. Has any of the property listed in Part 9 been appraised by a professional within the last year?

- ☐ No
☒ Yes

Part 10: Intangibles and intellectual property

59. Does the debtor have any interests in intangibles or intellectual property?

- ☐ No. Go to Part 11.
☒ Yes Fill in the information below.

General description	Net book value of debtor's interest (Where available)	Valuation method used for current value	Current value of debtor's interest
---------------------	--	--	------------------------------------

60. Patents, copyrights, trademarks, and trade secrets

61. Internet domain names and websites

Debtor 160 Royal Palm, LLC
Name

Case number (if known) _____

62. Licenses, franchises, and royalties

63. Customer lists, mailing lists, or other compilations

64. Other intangibles, or intellectual property
Project development approvals obtained from
Town of Palm Beach applicable to
construction of improvements on above real
property.

\$0.00

\$25,000.00

65. Goodwill

66. Total of Part 10.

\$25,000.00

Add lines 60 through 65. Copy the total to line 89.

67. Do your lists or records include personally identifiable information of customers (as defined in 11 U.S.C. §§ 101(41A) and 107?

- ☒
- No
-
- ☐
- Yes

68. Is there an amortization or other similar schedule available for any of the property listed in Part 10?

- ☒
- No
-
- ☐
- Yes

69. Has any of the property listed in Part 10 been appraised by a professional within the last year?

- ☒
- No
-
- ☐
- Yes

Part 11: All other assets**70. Does the debtor own any other assets that have not yet been reported on this form?**

Include all interests in executory contracts and unexpired leases not previously reported on this form.

- ☒
- No. Go to Part 12.
-
- ☐
- Yes Fill in the information below.

Debtor **160 Royal Palm, LLC**
Name

Case number (if known)

Part 12: SummaryIn Part 12 copy all of the totals from the earlier parts of the form
Type of property

Type of property	Current value of personal property	Current value of real property
80. Cash, cash equivalents, and financial assets. Copy line 5, Part 1	<u>\$319,759.46</u>	
81. Deposits and prepayments. Copy line 9, Part 2.	<u>\$0.00</u>	
82. Accounts receivable. Copy line 12, Part 3.	<u>\$0.00</u>	
83. Investments. Copy line 17, Part 4.	<u>\$0.00</u>	
84. Inventory. Copy line 23, Part 5.	<u>\$0.00</u>	
85. Farming and fishing-related assets. Copy line 33, Part 6.	<u>\$0.00</u>	
86. Office furniture, fixtures, and equipment; and collectibles. Copy line 43, Part 7.	<u>\$3,000.00</u>	
87. Machinery, equipment, and vehicles. Copy line 51, Part 8.	<u>\$0.00</u>	
88. Real property. Copy line 56, Part 9.....		<u>\$16,100,000.00</u>
89. Intangibles and intellectual property. Copy line 66, Part 10.	<u>\$25,000.00</u>	
90. All other assets. Copy line 78, Part 11.	<u>+</u> <u>\$0.00</u>	
91. Total. Add lines 80 through 90 for each column	<u>\$347,759.46</u>	+ 91b. <u>\$16,100,000.00</u>
92. Total of all property on Schedule A/B. Add lines 91a+91b=92		<u>\$16,447,759.46</u>

Fill in this information to identify the case:

Debtor name 160 Royal Palm, LLCUnited States Bankruptcy Court for the: SOUTHERN DISTRICT OF FLORIDA

Case number (if known) _____

☐ Check if this is an amended filing

Official Form 206D

Schedule D: Creditors Who Have Claims Secured by Property

12/15

Be as complete and accurate as possible.

1. Do any creditors have claims secured by debtor's property?☐ No. Check this box and submit page 1 of this form to the court with debtor's other schedules. Debtor has nothing else to report on this form.☒ Yes. Fill in all of the information below.**Part 1: List Creditors Who Have Secured Claims****2. List in alphabetical order all creditors who have secured claims.** If a creditor has more than one secured claim, list the creditor separately for each claim.

Column A: Amount of claim Do not deduct the value of collateral.	Column B: Value of collateral that supports this claim
\$60,654.70	\$16,100,000.00

2.1 David Campanaro

Creditor's Name
c/o Gary Russo, Esq.
The Russo Law Firm
701 Northpoint Parkway,
Suite 315
West Palm Beach, FL 33407
Creditor's mailing address

Describe debtor's property that is subject to a lien
160 Royal Palm Way, Palm Beach FL

Describe the lien

Judgment

Is the creditor an insider or related party?

☒ No☐ Yes

Is anyone else liable on this claim?

☐ No☒ Yes. Fill out *Schedule H: Codebtors* (Official Form 206H)**russoattorneys@gmail.com**

Creditor's email address, if known

Date debt was incurred

2/17/2016

Last 4 digits of account number

Do multiple creditors have an interest in the same property?

☐ No☒ Yes. Specify each creditor, including this creditor and its relative priority.

1. Jame F. Biagi, P.E.
2. KK-PB Financial LLC
3. David Campanaro
4. TWG Enterprises
- Waterproofing & Painting
5. Palm House Hotel, LLLP
6. The Place for Tile, Inc.
7. New Haven Contracting
- South, Inc.
8. Van Linda Ironworks, Inc.
9. Town of Palm Beach
10. Richard's Woodwork, Inc.

As of the petition filing date, the claim is:

Check all that apply

☐ Contingent☐ Unliquidated☐ Disputed**2.2 Jame F. Biagi, P.E.**

Describe debtor's property that is subject to a lien

\$49,391.76**\$16,100,000.00**

Debtor **160 Royal Palm, LLC**

Case number (if know)

Creditor's Name
1915 NE 45th Street
Suite 107
Fort Lauderdale, FL 33308
 Creditor's mailing address

160 Royal Palm Way, Palm Beach FL

Creditor's email address, if known

Date debt was incurred**7/10/2015****Last 4 digits of account number**

Do multiple creditors have an interest in the same property?

☐ No

☒ Yes. Specify each creditor, including this creditor and its relative priority.

Specified on line 2.1**Describe the lien****Judgment****Is the creditor an insider or related party?**☒ No☐ Yes**Is anyone else liable on this claim?**☒ No☐ Yes. Fill out *Schedule H: Codebtors* (Official Form 206H)**As of the petition filing date, the claim is:**

Check all that apply

☐ Contingent☐ Unliquidated☐ Disputed**2.3 KK-PB Financial LLC**

Creditor's Name
13501 South Shore
Boulevard
Suite 101
Wellington, FL 33414
 Creditor's mailing address

Describe debtor's property that is subject to a lien**160 Royal Palm Way, Palm Beach FL****\$27,468,750.00****\$16,100,000.00**

Creditor's email address, if known

Date debt was incurred**3/28/2014****Last 4 digits of account number**

Do multiple creditors have an interest in the same property?

☐ No

☒ Yes. Specify each creditor, including this creditor and its relative priority.

Specified on line 2.1**Describe the lien****Mortgage****Is the creditor an insider or related party?**☒ No☐ Yes**Is anyone else liable on this claim?**☒ No☐ Yes. Fill out *Schedule H: Codebtors* (Official Form 206H)**As of the petition filing date, the claim is:**

Check all that apply

☐ Contingent☐ Unliquidated☒ Disputed**2.4 New Haven Contracting South, Inc.**

Creditor's Name
638 Shore Drive
Boynton Beach, FL 33435
 Creditor's mailing address

Describe debtor's property that is subject to a lien**160 Royal Palm Way, Palm Beach FL****\$3,387,855.55****\$16,100,000.00**

Creditor's email address, if known

Date debt was incurred**2/7/2017****Last 4 digits of account number****Describe the lien****Judgment****Is the creditor an insider or related party?**☒ No☐ Yes**Is anyone else liable on this claim?**☒ No☐ Yes. Fill out *Schedule H: Codebtors* (Official Form 206H)

Debtor **160 Royal Palm, LLC**
Name

Case number (if know)

Do multiple creditors have an interest in the same property?

☐ No☒ Yes. Specify each creditor, including this creditor and its relative priority.

Specified on line 2.1

As of the petition filing date, the claim is:
Check all that apply☐ Contingent☐ Unliquidated☒ Disputed**2.5 Palm House Hotel, LLLP**

Creditor's Name

**197 S. Federal Highway,
Suite 200****Boca Raton, FL 33432**

Creditor's mailing address

Creditor's email address, if known

Date debt was incurred

10/17/2014

Last 4 digits of account number

Do multiple creditors have an interest in the same property?

☐ No☒ Yes. Specify each creditor, including this creditor and its relative priority.

Specified on line 2.1

Describe debtor's property that is subject to a lien

160 Royal Palm Way, Palm Beach FL**\$39,500.00****\$16,100,000.00**

Describe the lien

Mortgage

Is the creditor an insider or related party?

☒ No☐ Yes

Is anyone else liable on this claim?

☒ No☐ Yes. Fill out *Schedule H: Codebtors* (Official Form 206H)As of the petition filing date, the claim is:
Check all that apply☐ Contingent☐ Unliquidated☒ Disputed**2.6 Richard's Woodwork, Inc.**

Creditor's Name

1301**53rd St. #2****West Palm Beach, FL 33407**

Creditor's mailing address

Creditor's email address, if known

Date debt was incurred

7/29/2015

Last 4 digits of account number

Do multiple creditors have an interest in the same property?

☐ No☒ Yes. Specify each creditor, including this creditor and its relative priority.

Specified on line 2.1

Describe debtor's property that is subject to a lien

160 Royal Palm Way, Palm Beach FL**\$36,140.07****\$16,100,000.00**

Describe the lien

Judgment

Is the creditor an insider or related party?

☒ No☐ Yes

Is anyone else liable on this claim?

☐ No☒ Yes. Fill out *Schedule H: Codebtors* (Official Form 206H)As of the petition filing date, the claim is:
Check all that apply☐ Contingent☐ Unliquidated☐ Disputed**2.7 The Place for Tile, Inc.**

Creditor's Name

**7957 NW 54th Street
Miami, FL 33166**

Creditor's mailing address

Describe debtor's property that is subject to a lien

160 Royal Palm Way, Palm Beach FL**\$0.00****\$16,100,000.00**

Describe the lien

Judgment Lien ORB 28517/P1307 PBC

Debtor **160 Royal Palm, LLC**

Case number (if know)

Creditor's email address, if known

Date debt was incurred

8/19/2016

Last 4 digits of account number

Do multiple creditors have an interest in the same property?

☐ No☒ Yes. Specify each creditor, including this creditor and its relative priority.**Specified on line 2.1**

Is the creditor an insider or related party?

☒ No☐ Yes

Is anyone else liable on this claim?

☐ No☒ Yes. Fill out *Schedule H: Codebtors* (Official Form 206H)

As of the petition filing date, the claim is:

Check all that apply

☐ Contingent☐ Unliquidated☐ Disputed**2.8** **Town of Palm Beach**

Creditor's Name

**345 South County Road
Palm Beach, FL 33480-4443**

Creditor's mailing address

Creditor's email address, if known

Date debt was incurred

2/3/2015

Last 4 digits of account number

Do multiple creditors have an interest in the same property?

☐ No☒ Yes. Specify each creditor, including this creditor and its relative priority.**Specified on line 2.1**

Describe debtor's property that is subject to a lien

160 Royal Palm Way, Palm Beach FL**Unknown****\$16,100,000.00**

Describe the lien

Code Enforcement

Is the creditor an insider or related party?

☒ No☐ Yes

Is anyone else liable on this claim?

☒ No☐ Yes. Fill out *Schedule H: Codebtors* (Official Form 206H)

As of the petition filing date, the claim is:

Check all that apply

☐ Contingent☐ Unliquidated☐ Disputed**2.9** **TWG Enterprises
Waterproofing & Painting**

Creditor's Name

**c/o Adam G. Heffner, Esq.
1900 NW Corporate Blvd.
Suite 301-West Building
Boca Raton, FL 33431**

Creditor's mailing address

adam@heffnerlaw.com

Creditor's email address, if known

Date debt was incurred

1/11/2016

Last 4 digits of account number

Do multiple creditors have an interest in the same property?

Describe debtor's property that is subject to a lien

160 Royal Palm Way, Palm Beach FL**\$25,880.07****\$16,100,000.00**

Describe the lien

Judgment

Is the creditor an insider or related party?

☒ No☐ Yes

Is anyone else liable on this claim?

☐ No☒ Yes. Fill out *Schedule H: Codebtors* (Official Form 206H)

As of the petition filing date, the claim is:

Check all that apply

Debtor 160 Royal Palm, LLC
Name

Case number (if know) _____

☐ No☐ Contingent☒ Yes. Specify each creditor,
including this creditor and its relative
priority.☐ Unliquidated☐ Disputed**Specified on line 2.1**2.1
0**Van Linda Ironworks, Inc.**

Creditor's Name

**3787 Boutwell Road
Boynton Beach, FL 33435**

Creditor's mailing address

Creditor's email address, if known

Date debt was incurred

3/2/2016

Last 4 digits of account number

Do multiple creditors have an
interest in the same property?☐ No☒ Yes. Specify each creditor,
including this creditor and its relative
priority.**Specified on line 2.1**

Describe debtor's property that is subject to a lien

160 Royal Palm Way, Palm Beach FL**\$82,160.09****\$16,100,000.00**

Describe the lien

Judgment

Is the creditor an insider or related party?

☒ No☐ Yes

Is anyone else liable on this claim?

☐ No☒ Yes. Fill out *Schedule H: Codebtors* (Official Form 206H)

As of the petition filing date, the claim is:

Check all that apply

☐ Contingent☐ Unliquidated☐ Disputed

3. Total of the dollar amounts from Part 1, Column A, including the amounts from the Additional Page, if any.

**\$31,150,332.
24****Part 2: List Others to Be Notified for a Debt Already Listed in Part 1**

List in alphabetical order any others who must be notified for a debt already listed in Part 1. Examples of entities that may be listed are collection agencies, assignees of claims listed above, and attorneys for secured creditors.

If no others need to be notified for the debts listed in Part 1, do not fill out or submit this page. If additional pages are needed, copy this page.

Name and address

On which line in Part 1 did
you enter the related creditor?Last 4 digits of
account number for
this entity**Adam G. Heffner, Esquire
1900 N.W. Corporate Blvd.
Suite 301-West Building
Boca Raton, FL 33431**Line **2.9****Craig T. Galle, Esquire
The Galle Law Group
13501 South Shore Blvd., Suite 103
Wellington, FL 33414**Line **2.3****Daniel A. Hershman, Esq.
2240 Palm Beach Lakes Blvd.
Suite 101
West Palm Beach, FL 33401**Line **2.4****Garry Russo, Esquire
The Russo Law Firm
701 Northpoint Parkway, Suite 315
West Palm Beach, FL 33407**Line **2.1**

Debtor **160 Royal Palm, LLC**

Case number (if know) _____

Name:

**Henry B. Handler, Esquire
Weiss, Handler & Cornwell, P.A.
2255 Glades Road
Suite 218A
Boca Raton, FL 33431**

Line 2.5

**Jeffrey C. Pepin, Esquire
3418 Poinsettia Avenue
West Palm Beach, FL 33407**

Line 2.6

**John C. Randolph, Esquire
Jones, Foster, Johnson, & Stubbs, P.A.
Post Office Box 3475
West Palm Beach, FL 33402-3475**

Line 2.8

**Jordana L. Goldstein, Esq.
150 South Pine Island Road., Suite 400
Plantation, FL 33324**

Line 2.10

**Michael E. O'Connor, Esq.
111 SE 12th St.
Fort Lauderdale, FL 33316**

Line 2.2

**Michael T. Landen, Esquire
Kluger, Kaplan, Silverman, Katzen &
Levine, P.L.
201 S. Biscayne Blvd., 27th Floor
Miami, FL 33131**

Line 2.7

Fill in this information to identify the case:

Debtor name **160 Royal Palm, LLC**United States Bankruptcy Court for the: **SOUTHERN DISTRICT OF FLORIDA**

Case number (if known) _____

☐ Check if this is an amended filing

Official Form 206E/F

Schedule E/F: Creditors Who Have Unsecured Claims

12/15

Be as complete and accurate as possible. Use Part 1 for creditors with **PRIORITY** unsecured claims and Part 2 for creditors with **NONPRIORITY** unsecured claims. List the other party to any executory contracts or unexpired leases that could result in a claim. Also list executory contracts on *Schedule A/B: Assets - Real and Personal Property* (Official Form 206A/B) and on *Schedule G: Executory Contracts and Unexpired Leases* (Official Form 206G). Number the entries in Parts 1 and 2 in the boxes on the left. If more space is needed for Part 1 or Part 2, fill out and attach the Additional Page of that Part included in this form.

Part 1: List All Creditors with PRIORITY Unsecured Claims

1. Do any creditors have priority unsecured claims? (See 11 U.S.C. § 507).

☐ No. Go to Part 2.☒ Yes. Go to line 2.

2. List in alphabetical order all creditors who have unsecured claims that are entitled to priority in whole or in part. If the debtor has more than 3 creditors with priority unsecured claims, fill out and attach the Additional Page of Part 1.

Total claim Priority amount

\$0.00 \$0.00

2.1 Priority creditor's name and mailing address

Florida Department of Revenue
P.O. Box 6668
Tallahassee, FL 32314-6668

As of the petition filing date, the claim is:

Check all that apply.

- ☐ Contingent
☐ Unliquidated
☐ Disputed

Date or dates debt was incurred _____

Basis for the claim:

For Information Purposes

Last 4 digits of account number _____

Is the claim subject to offset?

Specify Code subsection of PRIORITY unsecured claim: 11 U.S.C. § 507(a) (8)

- ☒ No
☐ Yes

2.2 Priority creditor's name and mailing address

Internal Revenue Service
Attn: Special Procedures
P.O. Box 34045
Stop 572
Jacksonville, FL 32202

As of the petition filing date, the claim is:

Check all that apply.

- ☐ Contingent
☐ Unliquidated
☐ Disputed

Date or dates debt was incurred _____

Basis for the claim:

For Information Purposed

Last 4 digits of account number _____

Is the claim subject to offset?

Specify Code subsection of PRIORITY unsecured claim: 11 U.S.C. § 507(a) (8)

- ☒ No
☐ Yes

\$0.00 \$0.00

Debtor **160 Royal Palm, LLC**

Case number (if known)

	Priority creditor's name and mailing address	As of the petition filing date, the claim is: <i>Check all that apply.</i>	\$0.00	\$0.00
2.3	Internal Revenue Service P.O. Box 7346 Philadelphia, PA 19114	<input type="checkbox"/> Contingent <input type="checkbox"/> Unliquidated <input type="checkbox"/> Disputed		
	Date or dates debt was incurred	Basis for the claim: For Information Purposes		
	Last 4 digits of account number	Is the claim subject to offset?		
	Specify Code subsection of PRIORITY unsecured claim: 11 U.S.C. § 507(a) (8)	<input checked="" type="checkbox"/> No <input type="checkbox"/> Yes		
2.4	Office of Attorney General State of Florida The Capitol PL-01 Tallahassee, FL 32399-1050	<input type="checkbox"/> Contingent <input type="checkbox"/> Unliquidated <input type="checkbox"/> Disputed	\$0.00	\$0.00
	Date or dates debt was incurred	Basis for the claim: For Information Purposes		
	Last 4 digits of account number	Is the claim subject to offset?		
	Specify Code subsection of PRIORITY unsecured claim: 11 U.S.C. § 507(a) (8)	<input checked="" type="checkbox"/> No <input type="checkbox"/> Yes		
2.5	SEC Headquarters 100 F Street, NE Washington, DC 20549	<input type="checkbox"/> Contingent <input type="checkbox"/> Unliquidated <input type="checkbox"/> Disputed	\$0.00	\$0.00
	Date or dates debt was incurred	Basis for the claim: For Information Purposes		
	Last 4 digits of account number	Is the claim subject to offset?		
	Specify Code subsection of PRIORITY unsecured claim: 11 U.S.C. § 507(a) (8)	<input checked="" type="checkbox"/> No <input type="checkbox"/> Yes		
2.6	Securities and Exchange Commission 801 Brickell Ave., Suite 1800 Miami, FL 33131	<input type="checkbox"/> Contingent <input type="checkbox"/> Unliquidated <input type="checkbox"/> Disputed	\$0.00	\$0.00
	Date or dates debt was incurred	Basis for the claim: For Information Purposes		
	Last 4 digits of account number	Is the claim subject to offset?		
	Specify Code subsection of PRIORITY unsecured claim: 11 U.S.C. § 507(a) (8)	<input checked="" type="checkbox"/> No <input type="checkbox"/> Yes		

Debtor **160 Royal Palm, LLC**

Case number (if known)

2.7 Priority creditor's name and mailing address
United States Attorney General's Office
US Department of Justice
950 Pennsylvania Avenue
Washington, DC 20530-0001

Date or dates debt was incurred

Last 4 digits of account number

Specify Code subsection of PRIORITY
unsecured claim: 11 U.S.C. § 507(a) (8)

As of the petition filing date, the claim is:

Check all that apply.

- ☐ Contingent
☐ Unliquidated
☐ Disputed

Basis for the claim:

For Information Purposes

Is the claim subject to offset?

☒ No☐ Yes**\$0.00 \$0.00**

2.8 Priority creditor's name and mailing address
US Attorney Southern District of Florida
500 East Broward Boulevard
Fort Lauderdale, FL 33394

Date or dates debt was incurred

Last 4 digits of account number

Specify Code subsection of PRIORITY
unsecured claim: 11 U.S.C. § 507(a) (8)

As of the petition filing date, the claim is:

Check all that apply.

- ☐ Contingent
☐ Unliquidated
☐ Disputed

Basis for the claim:

For Information Purposes

Is the claim subject to offset?

☒ No☐ Yes**\$0.00 \$0.00****Part 2: List All Creditors with NONPRIORITY Unsecured Claims**

3. List in alphabetical order all of the creditors with nonpriority unsecured claims. If the debtor has more than 6 creditors with nonpriority unsecured claims, fill out and attach the Additional Page of Part 2.

Amount of claim

3.1 Nonpriority creditor's name and mailing address
Absolute Plumbing, LLC
917 N. Railroad Avenue
West Palm Beach, FL 33401
Date(s) debt was incurred **12/19/2014**
Last 4 digits of account number

As of the petition filing date, the claim is: Check all that apply.

- ☐ Contingent
☐ Unliquidated
☐ Disputed

Basis for the claim: **Expired Construction Claim of Lien**Is the claim subject to offset? ☒ No ☐ Yes**\$68,516.25**

3.2 Nonpriority creditor's name and mailing address
Ali Adampeyra
UAE Dubai, downtown, Burj Khalifa, Unit 5507
Iran
Date(s) debt was incurred
Last 4 digits of account number

As of the petition filing date, the claim is: Check all that apply.

- ☐ Contingent
☐ Unliquidated
☐ Disputed

Basis for the claim:

Is the claim subject to offset? ☒ No ☐ Yes**\$628,055.63**

3.3 Nonpriority creditor's name and mailing address
All Star Equipment
Todd Taylor
6753 Garden Rd.
Suite 101
West Palm Beach, FL 33404
Date(s) debt was incurred **11/14/2014**
Last 4 digits of account number

As of the petition filing date, the claim is: Check all that apply.

- ☐ Contingent
☐ Unliquidated
☐ Disputed

Basis for the claim: **Expired Construction Claim of Lien**Is the claim subject to offset? ☒ No ☐ Yes**\$10,940.85**

Debtor 160 Royal Palm, LLC
Name

Case number (if known) _____

3.4 Nonpriority creditor's name and mailing address

Allied Interiors
6363 Edgewater Drive
Orlando, FL 32810Date(s) debt was incurred 9/25/2014

Last 4 digits of account number _____

As of the petition filing date, the claim is: Check all that apply.

- ☐ Contingent
☐ Unliquidated
☐ Disputed

Basis for the claim: Expired Construction Claim of LienIs the claim subject to offset? ☒ No ☐ Yes

\$12,352.87

3.5 Nonpriority creditor's name and mailing address

Baoping Liu
c/o Edward A. Marod
777 S. Flagler Drive
Suite 500E
West Palm Beach, FL 33401

Date(s) debt was incurred _____

Last 4 digits of account number _____

As of the petition filing date, the claim is: Check all that apply.

- ☐ Contingent
☐ Unliquidated
☐ Disputed

Basis for the claim: _____

Is the claim subject to offset? ☒ No ☐ Yes

\$627,548.60

3.6 Nonpriority creditor's name and mailing address

Bei Zhu
c/o Edward A. Marod
777 S. Flagler Drive
Suite 500E
West Palm Beach, FL 33401

Date(s) debt was incurred _____

Last 4 digits of account number _____

As of the petition filing date, the claim is: Check all that apply.

- ☐ Contingent
☐ Unliquidated
☐ Disputed

Basis for the claim: _____

Is the claim subject to offset? ☒ No ☐ Yes

\$632,819.60

3.7 Nonpriority creditor's name and mailing address

Changyue Liu
c/o Edward A. Marod
777 S. Flagler Drive
Suite 500E
West Palm Beach, FL 33401

Date(s) debt was incurred _____

Last 4 digits of account number _____

As of the petition filing date, the claim is: Check all that apply.

- ☐ Contingent
☐ Unliquidated
☐ Disputed

Basis for the claim: _____

Is the claim subject to offset? ☒ No ☐ Yes

\$617,561.63

3.8 Nonpriority creditor's name and mailing address

Chengyu Gu
c/o Edward A. Marod
777 S. Flagler Drive
Suite 500E
West Palm Beach, FL 33401

Date(s) debt was incurred _____

Last 4 digits of account number _____

As of the petition filing date, the claim is: Check all that apply.

- ☐ Contingent
☐ Unliquidated
☐ Disputed

Basis for the claim: _____

Is the claim subject to offset? ☒ No ☐ Yes

\$630,593.64

3.9 Nonpriority creditor's name and mailing address

Chunning Ye
c/o Edward A. Marod
777 S. Flagler Drive
Suite 500E
West Palm Beach, FL 33401

Date(s) debt was incurred _____

Last 4 digits of account number _____

As of the petition filing date, the claim is: Check all that apply.

- ☐ Contingent
☐ Unliquidated
☐ Disputed

Basis for the claim: _____

Is the claim subject to offset? ☒ No ☐ Yes

\$635,241.53

Debtor **160 Royal Palm, LLC**

Case number (if known) _____

Name

3.10 Nonpriority creditor's name and mailing address

Connect Auto, Inc.
550 Business Park Way
Suite 6
West Palm Beach, FL 33411-1743

Date(s) debt was incurred 3/28/2016

Last 4 digits of account number _____

As of the petition filing date, the claim is: Check all that apply.

- ☐ Contingent
☐ Unliquidated
☒ Disputed

Basis for the claim: Replevin of motor vehicleIs the claim subject to offset? ☒ No ☐ YesUnknown**3.11** Nonpriority creditor's name and mailing address

Cuilian Li
c/o Edward A. Marod
777 S. Flagler Drive
Suite 500E
West Palm Beach, FL 33401

Date(s) debt was incurred _____

Last 4 digits of account number _____

As of the petition filing date, the claim is: Check all that apply.

- ☐ Contingent
☐ Unliquidated
☐ Disputed

Basis for the claim: _____

Is the claim subject to offset? ☒ No ☐ Yes\$630,972.04**3.12** Nonpriority creditor's name and mailing address

Daqin Weng
c/o Edward Marod
777 S. Flagler Drive
Suite 500E
West Palm Beach, FL 33401

Date(s) debt was incurred _____

Last 4 digits of account number _____

As of the petition filing date, the claim is: Check all that apply.

- ☐ Contingent
☐ Unliquidated
☐ Disputed

Basis for the claim: _____

Is the claim subject to offset? ☒ No ☐ Yes\$629,243.75**3.13** Nonpriority creditor's name and mailing address

David W. Gorman
631 Lucerne Avenue
Lake Worth, FL 33460

Date(s) debt was incurred 5/8/2015

Last 4 digits of account number _____

As of the petition filing date, the claim is: Check all that apply.

- ☐ Contingent
☐ Unliquidated
☒ Disputed

Basis for the claim: Recorded Memorandum of Understanding AgreementIs the claim subject to offset? ☒ No ☐ YesUnknown**3.14** Nonpriority creditor's name and mailing address

Dongsheng Zhu
c/o Edward Marod
777 S. Flagler Drive
Suite 500E
West Palm Beach, FL 33401

Date(s) debt was incurred _____

Last 4 digits of account number _____

As of the petition filing date, the claim is: Check all that apply.

- ☐ Contingent
☐ Unliquidated
☐ Disputed

Basis for the claim: _____

Is the claim subject to offset? ☒ No ☐ Yes\$660,665.31**3.15** Nonpriority creditor's name and mailing address

Feng Guo
c/o Edward A. Marod
777 S. Flagler Drive
Suite 500E
West Palm Beach, FL 33401

Date(s) debt was incurred _____

Last 4 digits of account number _____

As of the petition filing date, the claim is: Check all that apply.

- ☐ Contingent
☐ Unliquidated
☐ Disputed

Basis for the claim: _____

Is the claim subject to offset? ☒ No ☐ Yes\$675,343.06

Debtor **160 Royal Palm, LLC**

Case number (if known) _____

3.16	Nonpriority creditor's name and mailing address Fernando Wong Outdoor Living Design, Inc 1500 Bay Road, Suite 600 Miami Beach, FL 33139 Date(s) debt was incurred <u>11/18/2014</u> Last 4 digits of account number _____	As of the petition filing date, the claim is: Check all that apply. <input type="checkbox"/> Contingent <input type="checkbox"/> Unliquidated <input type="checkbox"/> Disputed Basis for the claim: <u>Expired Construction Claim of Lien</u> Is the claim subject to offset? <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes	\$38,361.46
3.17	Nonpriority creditor's name and mailing address Hali Eversen c/o Edward A. Marod 777 S. Flagler Drive Suite 500E West Palm Beach, FL 33401 Date(s) debt was incurred _____ Last 4 digits of account number _____	As of the petition filing date, the claim is: Check all that apply. <input type="checkbox"/> Contingent <input type="checkbox"/> Unliquidated <input type="checkbox"/> Disputed Basis for the claim: _____ Is the claim subject to offset? <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes	\$690,223.68
3.18	Nonpriority creditor's name and mailing address Hao Lou c/o Edward A. Marod 777 S. Flagler Drive Suite 500E West Palm Beach, FL 33401 Date(s) debt was incurred _____ Last 4 digits of account number _____	As of the petition filing date, the claim is: Check all that apply. <input type="checkbox"/> Contingent <input type="checkbox"/> Unliquidated <input type="checkbox"/> Disputed Basis for the claim: _____ Is the claim subject to offset? <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes	\$631,341.72
3.19	Nonpriority creditor's name and mailing address Hongru Pan c/o Edward A. Marod 777 S. Flagler Drive Suite 500E West Palm Beach, FL 33401 Date(s) debt was incurred _____ Last 4 digits of account number _____	As of the petition filing date, the claim is: Check all that apply. <input type="checkbox"/> Contingent <input type="checkbox"/> Unliquidated <input type="checkbox"/> Disputed Basis for the claim: _____ Is the claim subject to offset? <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes	\$657,867.44
3.20	Nonpriority creditor's name and mailing address HUFCOR Inc. d/b/a HUFCOR Florida Group 1301 Central Park Drive Sanford, FL 32771 Date(s) debt was incurred <u>11/1/2014</u> Last 4 digits of account number _____	As of the petition filing date, the claim is: Check all that apply. <input type="checkbox"/> Contingent <input type="checkbox"/> Unliquidated <input type="checkbox"/> Disputed Basis for the claim: <u>Expired Construction Claim of Lien</u> Is the claim subject to offset? <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes	\$7,387.04
3.21	Nonpriority creditor's name and mailing address Juewei Zhou c/o Edward A. Marod 777 S. Flagler Drive Suite 500E West Palm Beach, FL 33401 Date(s) debt was incurred _____ Last 4 digits of account number _____	As of the petition filing date, the claim is: Check all that apply. <input type="checkbox"/> Contingent <input type="checkbox"/> Unliquidated <input type="checkbox"/> Disputed Basis for the claim: _____ Is the claim subject to offset? <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes	\$630,713.83
3.22	Nonpriority creditor's name and mailing address Junqiang Feng c/o Edward A. Marod 777 S. Flagler Drive Suite 500E West Palm Beach, FL 33401 Date(s) debt was incurred _____ Last 4 digits of account number _____	As of the petition filing date, the claim is: Check all that apply. <input type="checkbox"/> Contingent <input type="checkbox"/> Unliquidated <input type="checkbox"/> Disputed Basis for the claim: _____ Is the claim subject to offset? <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes	\$664,947.20

Debtor **160 Royal Palm, LLC**

Case number (if known) _____

Name

3.23 Nonpriority creditor's name and mailing address

Kammerer Mariani PLLC
1601 Forum Place, Suite 500
West Palm Beach, FL 33401

Date(s) debt was incurred _____

Last 4 digits of account number _____

As of the petition filing date, the claim is: Check all that apply.

- ☐ Contingent
☐ Unliquidated
☐ Disputed

Basis for the claim: Legal ServicesIs the claim subject to offset? ☒ No ☐ YesUnknown**3.24** Nonpriority creditor's name and mailing address

Kuang Yaoping
c/o Edward A. Marod
777 S. Flagler Drive
Suite 500E
West Palm Beach, FL 33401

Date(s) debt was incurred _____

Last 4 digits of account number _____

As of the petition filing date, the claim is: Check all that apply.

- ☐ Contingent
☐ Unliquidated
☐ Disputed

Basis for the claim: _____

Is the claim subject to offset? ☒ No ☐ Yes\$633,050.44**3.25** Nonpriority creditor's name and mailing address

Lan Li
c/o Edward A. Marod
777 S. Flagler Drive
Suite 500E
West Palm Beach, FL 33401

Date(s) debt was incurred _____

Last 4 digits of account number _____

As of the petition filing date, the claim is: Check all that apply.

- ☐ Contingent
☐ Unliquidated
☐ Disputed

Basis for the claim: _____

Is the claim subject to offset? ☒ No ☐ Yes\$672,672.48**3.26** Nonpriority creditor's name and mailing address

Landmark Construction Companies, Inc.
d/b/a RoofPro
1486-E Skees Rd.
West Palm Beach, FL 33480

Date(s) debt was incurred 10/16/2014

Last 4 digits of account number _____

As of the petition filing date, the claim is: Check all that apply.

- ☐ Contingent
☐ Unliquidated
☐ Disputed

Basis for the claim: Expired Construction Claim of LienIs the claim subject to offset? ☒ No ☐ Yes\$29,377.76**3.27** Nonpriority creditor's name and mailing address

Li Dongsheng
c/o Edward A. Marod
777 S. Flagler Drive
Suite 500E
West Palm Beach, FL 33401

Date(s) debt was incurred _____

Last 4 digits of account number _____

As of the petition filing date, the claim is: Check all that apply.

- ☐ Contingent
☐ Unliquidated
☐ Disputed

Basis for the claim: _____

Is the claim subject to offset? ☒ No ☐ Yes\$657,527.95**3.28** Nonpriority creditor's name and mailing address

Li Zhang
c/o Edward A. Marod
777 S. Flagler Drive
Suite 500E
West Palm Beach, FL 33401

Date(s) debt was incurred _____

Last 4 digits of account number _____

As of the petition filing date, the claim is: Check all that apply.

- ☐ Contingent
☐ Unliquidated
☐ Disputed

Basis for the claim: _____

Is the claim subject to offset? ☒ No ☐ Yes\$657,952.40

Debtor **160 Royal Palm, LLC**

Case number (if known) _____

3.29	Nonpriority creditor's name and mailing address Ling Li c/o Edward A. Marod 777 S. Flagler Drive Suite 500E West Palm Beach, FL 33401 Date(s) debt was incurred _____ Last 4 digits of account number _____	As of the petition filing date, the claim is: Check all that apply. <input type="checkbox"/> Contingent <input type="checkbox"/> Unliquidated <input type="checkbox"/> Disputed Basis for the claim: _____ Is the claim subject to offset? <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes	\$627,097.77
3.30	Nonpriority creditor's name and mailing address Liyan Feng c/o Edward A. Marod 777 S. Flagler Drive Suite 500E West Palm Beach, FL 33401 Date(s) debt was incurred _____ Last 4 digits of account number _____	As of the petition filing date, the claim is: Check all that apply. <input type="checkbox"/> Contingent <input type="checkbox"/> Unliquidated <input type="checkbox"/> Disputed Basis for the claim: _____ Is the claim subject to offset? <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes	\$631,903.96
3.31	Nonpriority creditor's name and mailing address Macschmeyer Concrete Company of Florida, c/o Naomi Stevenson 1142 Watertower Road Lake Park, FL 33403 Date(s) debt was incurred <u>10/7/2014</u> Last 4 digits of account number _____	As of the petition filing date, the claim is: Check all that apply. <input type="checkbox"/> Contingent <input type="checkbox"/> Unliquidated <input type="checkbox"/> Disputed Basis for the claim: <u>Expired Construction Claim of Lien</u> Is the claim subject to offset? <input type="checkbox"/> No <input type="checkbox"/> Yes	\$10,947.43
3.32	Nonpriority creditor's name and mailing address McCabe Rabin 1601 Forum Place, Suite 201 West Palm Beach, FL 33401 Date(s) debt was incurred <u>9/1/2016</u> Last 4 digits of account number _____	As of the petition filing date, the claim is: Check all that apply. <input type="checkbox"/> Contingent <input type="checkbox"/> Unliquidated <input type="checkbox"/> Disputed Basis for the claim: <u>Legal Services</u> Is the claim subject to offset? <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes	Unknown
3.33	Nonpriority creditor's name and mailing address McDonald Hopkins Co., LLC Accounts Receivable 600 Superior Avenue, E Suite 2100 Cleveland, OH 44114 Date(s) debt was incurred <u>9/6/2016</u> Last 4 digits of account number _____	As of the petition filing date, the claim is: Check all that apply. <input type="checkbox"/> Contingent <input type="checkbox"/> Unliquidated <input type="checkbox"/> Disputed Basis for the claim: <u>Legal Services</u> Is the claim subject to offset? <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes	Unknown
3.34	Nonpriority creditor's name and mailing address McDonald Hopkins LLC Accounts Receivable 600 Superior Avenue, E. Suite 2100 Cleveland, OH 44114 Date(s) debt was incurred <u>9/6/2016</u> Last 4 digits of account number _____	As of the petition filing date, the claim is: Check all that apply. <input type="checkbox"/> Contingent <input type="checkbox"/> Unliquidated <input type="checkbox"/> Disputed Basis for the claim: <u>Legal Services</u> Is the claim subject to offset? <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes	Unknown

Debtor <u>160 Royal Palm, LLC</u>		Case number (if known) _____	
Name: _____		As of the petition filing date, the claim is: Check all that apply, <u>Unknown</u>	
3.35 Nonpriority creditor's name and mailing address	As of the petition filing date, the claim is: Check all that apply, _____		
McDonald Hopkins, LLC	<input type="checkbox"/> Contingent		
Accounts Receivable	<input type="checkbox"/> Unliquidated		
600 Superior Avenue, E	<input type="checkbox"/> Disputed		
Suite 2100	Basis for the claim: <u>Legal Services</u>		
Cleveland, OH 44114	Is the claim subject to offset? <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes		
Date(s) debt was incurred _____			
Last 4 digits of account number _____			
3.36 Nonpriority creditor's name and mailing address	As of the petition filing date, the claim is: Check all that apply, _____	Unknown	
McIntosh & Schwartz, PL	<input type="checkbox"/> Contingent		
888 Southeast Third Avenue, Suite 201	<input type="checkbox"/> Unliquidated		
Fort Lauderdale, FL 33316	<input type="checkbox"/> Disputed		
Date(s) debt was incurred <u>9/15/2016</u>	Basis for the claim: <u>Legal Services</u>		
Last 4 digits of account number _____	Is the claim subject to offset? <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes		
3.37 Nonpriority creditor's name and mailing address	As of the petition filing date, the claim is: Check all that apply, _____	\$632,370.48	
Min Cui	<input type="checkbox"/> Contingent		
c/o Edward A. Marod	<input type="checkbox"/> Unliquidated		
777 S. Flagler Drive	<input type="checkbox"/> Disputed		
Suite 500E	Basis for the claim: _____		
West Palm Beach, FL 33401	Is the claim subject to offset? <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes		
Date(s) debt was incurred _____			
Last 4 digits of account number _____			
3.38 Nonpriority creditor's name and mailing address	As of the petition filing date, the claim is: Check all that apply, _____	\$631,490.21	
Min Li	<input type="checkbox"/> Contingent		
c/o Edward A. Marod	<input type="checkbox"/> Unliquidated		
777 S. Flagler Drive	<input type="checkbox"/> Disputed		
Suite 500E	Basis for the claim: _____		
West Palm Beach, FL 33401	Is the claim subject to offset? <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes		
Date(s) debt was incurred _____			
Last 4 digits of account number _____			
3.39 Nonpriority creditor's name and mailing address	As of the petition filing date, the claim is: Check all that apply, _____	\$639,482.78	
Mohammad Zargar	<input type="checkbox"/> Contingent		
c/o Edward A. Marod	<input type="checkbox"/> Unliquidated		
777 S. Flagler Drive	<input type="checkbox"/> Disputed		
Suite 500E	Basis for the claim: _____		
West Palm Beach, FL 33401	Is the claim subject to offset? <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes		
Date(s) debt was incurred _____			
Last 4 digits of account number _____			
3.40 Nonpriority creditor's name and mailing address	As of the petition filing date, the claim is: Check all that apply, _____	\$636,466.16	
Mohammadreza Sedaghat	<input type="checkbox"/> Contingent		
c/o Edward A. Marod	<input type="checkbox"/> Unliquidated		
777 S. Flagler Drive	<input type="checkbox"/> Disputed		
Suite 500E	Basis for the claim: _____		
West Palm Beach, FL 33401	Is the claim subject to offset? <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes		
Date(s) debt was incurred _____			
Last 4 digits of account number _____			
3.41 Nonpriority creditor's name and mailing address	As of the petition filing date, the claim is: Check all that apply, _____	\$88,513.00	
Moore Unique Interiors, Inc.	<input type="checkbox"/> Contingent		
16889 West Secretariat Drive	<input type="checkbox"/> Unliquidated		
Loxahatchee, FL 33470	<input type="checkbox"/> Disputed		
Date(s) debt was incurred <u>10/22/2014</u>	Basis for the claim: <u>Expired Construction Claim of Lien</u>		
Last 4 digits of account number _____	Is the claim subject to offset? <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes		

Debtor **160 Royal Palm, LLC**

Case number (if known) _____

Name

3.42 Nonpriority creditor's name and mailing address

MPC Pools, Inc.
12720 Orange Grove Blvd.
West Palm Beach, FL 33411

Date(s) debt was incurred 10/23/2014

Last 4 digits of account number _____

As of the petition filing date, the claim is: Check all that apply, \$10,422.00

- ☐ Contingent
☐ Unliquidated
☐ Disputed

Basis for the claim: Expired Construction Claim of LienIs the claim subject to offset? ☒ No ☐ Yes

3.43 Nonpriority creditor's name and mailing address

Palm House Hotel, LLLP
197 S. Federal Highway, Suite 200
Boca Raton, FL 33432

Date(s) debt was incurred 10/17/2014

Last 4 digits of account number _____

As of the petition filing date, the claim is: Check all that apply, \$39,500,000.00

- ☐ Contingent
☐ Unliquidated
☒ Disputed

Basis for the claim: action for conversion of loan fundsIs the claim subject to offset? ☒ No ☐ Yes

3.44 Nonpriority creditor's name and mailing address

Paul Cleary d/b/a Cleary Plumbing Inc.
925 S. Military Trail D11
West Palm Beach, FL 33415

Date(s) debt was incurred 8/22/2013

Last 4 digits of account number _____

As of the petition filing date, the claim is: Check all that apply, \$82,374.75

- ☐ Contingent
☐ Unliquidated
☐ Disputed

Basis for the claim: Expired Construction Claim of LienIs the claim subject to offset? ☒ No ☐ Yes

3.45 Nonpriority creditor's name and mailing address

Qingyun Yu
c/o Edward A. Marod
777 S. Flagler Drive
Suite 500E
West Palm Beach, FL 33401

Date(s) debt was incurred _____

Last 4 digits of account number _____

As of the petition filing date, the claim is: Check all that apply, \$629,606.72

- ☐ Contingent
☐ Unliquidated
☐ Disputed

Basis for the claim: _____

Is the claim subject to offset? ☒ No ☐ Yes

3.46 Nonpriority creditor's name and mailing address

Qiong Deng
c/o Edward A. Marod
777 S. Flagler Drive
Suite 500E
West Palm Beach, FL 33401

Date(s) debt was incurred _____

Last 4 digits of account number _____

As of the petition filing date, the claim is: Check all that apply, \$630,977.25

- ☐ Contingent
☐ Unliquidated
☐ Disputed

Basis for the claim: _____

Is the claim subject to offset? ☒ No ☐ Yes

3.47 Nonpriority creditor's name and mailing address

Qiongfang Zhu
c/o Edward A. Marod
777 S. Flagler Drive
Suite 500E
West Palm Beach, FL 33401

Date(s) debt was incurred _____

Last 4 digits of account number _____

As of the petition filing date, the claim is: Check all that apply, \$631,604.56

- ☐ Contingent
☐ Unliquidated
☐ Disputed

Basis for the claim: _____

Is the claim subject to offset? ☒ No ☐ Yes

3.48 Nonpriority creditor's name and mailing address

Quality Concrete Pumping, Inc.
1842 NW 85th Drive
Coral Springs, FL 33071

Date(s) debt was incurred 10/27/2014

Last 4 digits of account number _____

As of the petition filing date, the claim is: Check all that apply, \$4,812.44

- ☐ Contingent
☐ Unliquidated
☐ Disputed

Basis for the claim: Expired Construction Claim of LienIs the claim subject to offset? ☐ No ☐ Yes

Debtor **160 Royal Palm, LLC**

Case number (if known) _____

Name _____

3.49 Nonpriority creditor's name and mailing address

Ran Chen
c/o Edward A. Marod
777 S. Flagler Drive
Suite 500E
West Palm Beach, FL 33401

Date(s) debt was incurred _____

Last 4 digits of account number _____

As of the petition filing date, the claim is: Check all that apply.

\$657,950.72

- ☐ Contingent
☐ Unliquidated
☐ Disputed

Basis for the claim: _____

Is the claim subject to offset? ☒ No ☐ Yes**3.50** Nonpriority creditor's name and mailing address

Reza Siamak Nia
c/o Edward A. Marod
777 S. Flagler Drive
Suite 500E
West Palm Beach, FL 33401

Date(s) debt was incurred _____

Last 4 digits of account number _____

As of the petition filing date, the claim is: Check all that apply.

\$635,773.79

- ☐ Contingent
☐ Unliquidated
☐ Disputed

Basis for the claim: _____

Is the claim subject to offset? ☒ No ☐ Yes**3.51** Nonpriority creditor's name and mailing address

Ruji Li
c/o Edward A. Marod
777 S. Flagler Drive
Suite 500E
West Palm Beach, FL 33401

Date(s) debt was incurred _____

Last 4 digits of account number _____

As of the petition filing date, the claim is: Check all that apply.

\$631,730.60

- ☐ Contingent
☐ Unliquidated
☐ Disputed

Basis for the claim: _____

Is the claim subject to offset? ☒ No ☐ Yes**3.52** Nonpriority creditor's name and mailing address

Rujing Wei
c/o Edward A. Marod
777 S. Flagler Drive
Suite 500E
West Palm Beach, FL 33401

Date(s) debt was incurred _____

Last 4 digits of account number _____

As of the petition filing date, the claim is: Check all that apply.

\$633,224.64

- ☐ Contingent
☐ Unliquidated
☐ Disputed

Basis for the claim: _____

Is the claim subject to offset? ☒ No ☐ Yes**3.53** Nonpriority creditor's name and mailing address

Sanaz Salehin
c/o Edward A. Marod
777 S. Flagler Drive
Suite 500E
West Palm Beach, FL 33401

Date(s) debt was incurred _____

Last 4 digits of account number _____

As of the petition filing date, the claim is: Check all that apply.

\$607,879.57

- ☐ Contingent
☐ Unliquidated
☐ Disputed

Basis for the claim: _____

Is the claim subject to offset? ☒ No ☐ Yes**3.54** Nonpriority creditor's name and mailing address

Sara Salehin
c/o Edward A. Marod
777 S. Flagler Drive
Suite 500E
West Palm Beach, FL 33401

Date(s) debt was incurred _____

Last 4 digits of account number _____

As of the petition filing date, the claim is: Check all that apply.

\$621,625.32

- ☐ Contingent
☐ Unliquidated
☐ Disputed

Basis for the claim: _____

Is the claim subject to offset? ☒ No ☐ Yes

Debtor **160 Royal Palm, LLC**

Case number (if known) _____

3.55 Nonpriority creditor's name and mailing address Sha Shi c/o Edward A. Marod 777 S. Flagler Drive Suite 500E West Palm Beach, FL 33401 Date(s) debt was incurred _____ Last 4 digits of account number _____	As of the petition filing date, the claim is: Check all that apply. <input type="checkbox"/> Contingent <input type="checkbox"/> Unliquidated <input type="checkbox"/> Disputed Basis for the claim: _____ Is the claim subject to offset? <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes	\$668,426.00
3.56 Nonpriority creditor's name and mailing address Shahriar Ebrahimian c/o Edward A. Marod 777 S. Flagler Drive Suite 500E West Palm Beach, FL 33401 Date(s) debt was incurred _____ Last 4 digits of account number _____	As of the petition filing date, the claim is: Check all that apply. <input type="checkbox"/> Contingent <input type="checkbox"/> Unliquidated <input type="checkbox"/> Disputed Basis for the claim: _____ Is the claim subject to offset? <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes	\$630,291.40
3.57 Nonpriority creditor's name and mailing address Shaoping Huang c/o Edward A. Marod 777 S. Flagler Drive Suite 500E West Palm Beach, FL 33401 Date(s) debt was incurred _____ Last 4 digits of account number _____	As of the petition filing date, the claim is: Check all that apply. <input type="checkbox"/> Contingent <input type="checkbox"/> Unliquidated <input type="checkbox"/> Disputed Basis for the claim: _____ Is the claim subject to offset? <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes	\$622,046.48
3.58 Nonpriority creditor's name and mailing address Shaoqing Zeng c/o Edward A. Marod 777 S. Flagler Drive Suite 500E West Palm Beach, FL 33401 Date(s) debt was incurred _____ Last 4 digits of account number _____	As of the petition filing date, the claim is: Check all that apply. <input type="checkbox"/> Contingent <input type="checkbox"/> Unliquidated <input type="checkbox"/> Disputed Basis for the claim: _____ Is the claim subject to offset? <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes	\$630,646.69
3.59 Nonpriority creditor's name and mailing address Shu Jiang c/o Edward A. Marod 777 S. Flagler Drive Suite 500E West Palm Beach, FL 33401 Date(s) debt was incurred _____ Last 4 digits of account number _____	As of the petition filing date, the claim is: Check all that apply. <input type="checkbox"/> Contingent <input type="checkbox"/> Unliquidated <input type="checkbox"/> Disputed Basis for the claim: _____ Is the claim subject to offset? <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes	\$654,786.66
3.60 Nonpriority creditor's name and mailing address Shuangyun Wang c/o Edward A. Marod 777 S. Flagler Drive Suite 500E West Palm Beach, FL 33401 Date(s) debt was incurred _____ Last 4 digits of account number _____	As of the petition filing date, the claim is: Check all that apply. <input type="checkbox"/> Contingent <input type="checkbox"/> Unliquidated <input type="checkbox"/> Disputed Basis for the claim: _____ Is the claim subject to offset? <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes	\$655,194.90

Debtor **160 Royal Palm, LLC**
Name

Case number (if known)

3.61	Nonpriority creditor's name and mailing address Tang Cheok Fai c/o Edward A. Marod 777 S. Flagler Drive Suite 500E West Palm Beach, FL 33401 Date(s) debt was incurred _____ Last 4 digits of account number _____	As of the petition filing date, the claim is: <i>Check all that apply.</i> <input type="checkbox"/> Contingent <input type="checkbox"/> Unliquidated <input type="checkbox"/> Disputed Basis for the claim: _____ Is the claim subject to offset? <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes	\$652,760.62
3.62	Nonpriority creditor's name and mailing address Tao Xiong c/o Edward A. Marod 777 S. Flagler Drive Suite 500E West Palm Beach, FL 33401 Date(s) debt was incurred _____ Last 4 digits of account number _____	As of the petition filing date, the claim is: <i>Check all that apply.</i> <input type="checkbox"/> Contingent <input type="checkbox"/> Unliquidated <input type="checkbox"/> Disputed Basis for the claim: _____ Is the claim subject to offset? <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes	\$665,530.24
3.63	Nonpriority creditor's name and mailing address Tingting Sun c/o Edward A. Marod 777 S. Flagler Drive Suite 500E West Palm Beach, FL 33401 Date(s) debt was incurred _____ Last 4 digits of account number _____	As of the petition filing date, the claim is: <i>Check all that apply.</i> <input type="checkbox"/> Contingent <input type="checkbox"/> Unliquidated <input type="checkbox"/> Disputed Basis for the claim: _____ Is the claim subject to offset? <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes	\$666,662.66
3.64	Nonpriority creditor's name and mailing address Tonghui Luan c/o Edward A. Marod 777 S. Flagler Drive Suite 500E West Palm Beach, FL 33401 Date(s) debt was incurred _____ Last 4 digits of account number _____	As of the petition filing date, the claim is: <i>Check all that apply.</i> <input type="checkbox"/> Contingent <input type="checkbox"/> Unliquidated <input type="checkbox"/> Disputed Basis for the claim: _____ Is the claim subject to offset? <input type="checkbox"/> No <input checked="" type="checkbox"/> Yes	\$666,355.45
3.65	Nonpriority creditor's name and mailing address Town of Palm Beach 345 South County Road Palm Beach, FL 33480-4443 Date(s) debt was incurred <u>2/15/2013</u> Last 4 digits of account number _____	As of the petition filing date, the claim is: <i>Check all that apply.</i> <input type="checkbox"/> Contingent <input type="checkbox"/> Unliquidated <input checked="" type="checkbox"/> Disputed Basis for the claim: <u>Development Agreement</u> Is the claim subject to offset? <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes	\$2,796,000.00
3.66	Nonpriority creditor's name and mailing address Wallace Surveying Corporation 5553 Village Boulevard West Palm Beach, FL 33407 Date(s) debt was incurred _____ Last 4 digits of account number _____	As of the petition filing date, the claim is: <i>Check all that apply.</i> <input type="checkbox"/> Contingent <input type="checkbox"/> Unliquidated <input checked="" type="checkbox"/> Disputed Basis for the claim: <u>Expired Construction Claim of Lien</u> Is the claim subject to offset? <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes	\$27,013.17

Debtor **160 Royal Palm, LLC**
Name

Case number (if known)

3.67 Nonpriority creditor's name and mailing address

Wenhao Zhang
c/o Edward A. Marod
777 S. Flagler Drive
Suite 500E
West Palm Beach, FL 33401

Date(s) debt was incurred

Last 4 digits of account number

As of the petition filing date, the claim is: Check all that apply.

\$668,426.00

- ☐ Contingent
☐ Unliquidated
☐ Disputed

Basis for the claim:

Is the claim subject to offset? ☒ No ☐ Yes

3.68 Nonpriority creditor's name and mailing address

Xiang Chunhua
c/o Edward A. Marod
777 S. Flagler Drive
Suite 500E
West Palm Beach, FL 33401

Date(s) debt was incurred

Last 4 digits of account number

As of the petition filing date, the claim is: Check all that apply.

\$631,891.50

- ☐ Contingent
☐ Unliquidated
☐ Disputed

Basis for the claim:

Is the claim subject to offset? ☒ No ☐ Yes

3.69 Nonpriority creditor's name and mailing address

Xiang She
c/o Edward A. Marod
777 S. Flagler Drive
Suite 500E
West Palm Beach, FL 33401

Date(s) debt was incurred

Last 4 digits of account number

As of the petition filing date, the claim is: Check all that apply.

\$656,347.36

- ☐ Contingent
☐ Unliquidated
☐ Disputed

Basis for the claim:

Is the claim subject to offset? ☒ No ☐ Yes

3.70 Nonpriority creditor's name and mailing address

Xiao Sun
c/o Edward Marod
777 S. Flagler Drive
Suite 500E
West Palm Beach, FL 33401

Date(s) debt was incurred

Last 4 digits of account number

As of the petition filing date, the claim is: Check all that apply.

\$664,865.12

- ☐ Contingent
☒ Unliquidated
☐ Disputed

Basis for the claim:

Is the claim subject to offset? ☐ No ☐ Yes

3.71 Nonpriority creditor's name and mailing address

Xiaonan Wang
c/o Edward A. Marod
777 S. Flagler Drive
Suite 500E
West Palm Beach, FL 33401

Date(s) debt was incurred

Last 4 digits of account number

As of the petition filing date, the claim is: Check all that apply.

\$663,416.72

- ☐ Contingent
☐ Unliquidated
☐ Disputed

Basis for the claim:

Is the claim subject to offset? ☒ No ☐ Yes

3.72 Nonpriority creditor's name and mailing address

Xiaoping Zhang
c/o Edward A. Marod
777 S. Flagler Drive
Suite 500E
West Palm Beach, FL 33401

Date(s) debt was incurred

Last 4 digits of account number

As of the petition filing date, the claim is: Check all that apply.

\$628,744.66

- ☐ Contingent
☐ Unliquidated
☐ Disputed

Basis for the claim:

Is the claim subject to offset? ☒ No ☐ Yes

Debtor **160 Royal Palm, LLC**

Case number (if known) _____

3.73	Nonpriority creditor's name and mailing address Xpert Elevator Services, Inc. 550 Business Park Way, Bay #8 West Palm Beach, FL 33411 Date(s) debt was incurred <u>11/14/2014</u> Last 4 digits of account number _____	As of the petition filing date, the claim is: Check all that apply. <input type="checkbox"/> Contingent <input type="checkbox"/> Unliquidated <input type="checkbox"/> Disputed Basis for the claim: <u>Expired construction claim of lien</u> Is the claim subject to offset? <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes	\$556,305.50
3.74	Nonpriority creditor's name and mailing address Yajun Kang c/o Edward A. Marod 777 S. Flagler Drive Suite 500E West Palm Beach, FL 33401 Date(s) debt was incurred _____ Last 4 digits of account number _____	As of the petition filing date, the claim is: Check all that apply. <input type="checkbox"/> Contingent <input type="checkbox"/> Unliquidated <input type="checkbox"/> Disputed Basis for the claim: _____ Is the claim subject to offset? <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes	\$634,749.32
3.75	Nonpriority creditor's name and mailing address Yan Chen c/o Edward A. Marod 777 S. Flagler Drive Suite 500E West Palm Beach, FL 33401 Date(s) debt was incurred _____ Last 4 digits of account number _____	As of the petition filing date, the claim is: Check all that apply. <input type="checkbox"/> Contingent <input type="checkbox"/> Unliquidated <input type="checkbox"/> Disputed Basis for the claim: _____ Is the claim subject to offset? <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes	\$630,593.64
3.76	Nonpriority creditor's name and mailing address Yawen Li c/o Edward A. Marod 777 S. Flagler Drive Suite 500E West Palm Beach, FL 33401 Date(s) debt was incurred _____ Last 4 digits of account number _____	As of the petition filing date, the claim is: Check all that apply. <input type="checkbox"/> Contingent <input type="checkbox"/> Unliquidated <input type="checkbox"/> Disputed Basis for the claim: _____ Is the claim subject to offset? <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes	\$664,865.12
3.77	Nonpriority creditor's name and mailing address Yi Zhao c/o Edward A. Marod 777 S. Flagler Drive Suite 500E West Palm Beach, FL 33401 Date(s) debt was incurred _____ Last 4 digits of account number _____	As of the petition filing date, the claim is: Check all that apply. <input type="checkbox"/> Contingent <input type="checkbox"/> Unliquidated <input type="checkbox"/> Disputed Basis for the claim: _____ Is the claim subject to offset? <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes	\$619,039.93
3.78	Nonpriority creditor's name and mailing address Ying Fei c/o Edward A. Marod 777 S. Flagler Drive Suite 500E West Palm Beach, FL 33401 Date(s) debt was incurred _____ Last 4 digits of account number _____	As of the petition filing date, the claim is: Check all that apply. <input type="checkbox"/> Contingent <input type="checkbox"/> Unliquidated <input type="checkbox"/> Disputed Basis for the claim: _____ Is the claim subject to offset? <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes	\$657,017.42

Debtor **160 Royal Palm, LLC**

Case number (if known) _____

3.79	Nonpriority creditor's name and mailing address Ying Tan c/o Edward A. Marod 777 S. Flagler Drive Suite 500E West Palm Beach, FL 33401 Date(s) debt was incurred _____ Last 4 digits of account number _____	As of the petition filing date, the claim is: Check all that apply. <input type="checkbox"/> Contingent <input type="checkbox"/> Unliquidated <input type="checkbox"/> Disputed Basis for the claim: _____ Is the claim subject to offset? <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes	\$666,404.80
3.80	Nonpriority creditor's name and mailing address Yingjun Yang c/o Edward A. Marod 777 S. Flagler Drive Suite 500E West Palm Beach, FL 33401 Date(s) debt was incurred _____ Last 4 digits of account number _____	As of the petition filing date, the claim is: Check all that apply. <input type="checkbox"/> Contingent <input type="checkbox"/> Unliquidated <input type="checkbox"/> Disputed Basis for the claim: _____ Is the claim subject to offset? <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes	\$629,593.23
3.81	Nonpriority creditor's name and mailing address Yuanbo Wang c/o Edward A. Marod 777 S. Flagler Drive Suite 500E West Palm Beach, FL 33401 Date(s) debt was incurred _____ Last 4 digits of account number _____	As of the petition filing date, the claim is: Check all that apply. <input type="checkbox"/> Contingent <input type="checkbox"/> Unliquidated <input type="checkbox"/> Disputed Basis for the claim: _____ Is the claim subject to offset? <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes	\$668,840.54
3.82	Nonpriority creditor's name and mailing address Yulong Tang c/o Edward A. Marod 777 S. Flagler Drive Suite 500E West Palm Beach, FL 33401 Date(s) debt was incurred _____ Last 4 digits of account number _____	As of the petition filing date, the claim is: Check all that apply. <input type="checkbox"/> Contingent <input type="checkbox"/> Unliquidated <input type="checkbox"/> Disputed Basis for the claim: _____ Is the claim subject to offset? <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes	\$630,545.22
3.83	Nonpriority creditor's name and mailing address Zhaohui Li (Chaohui Li) c/o Edward A. Marod 777 S. Flagler Drive Suite 500E West Palm Beach, FL 33401 Date(s) debt was incurred _____ Last 4 digits of account number _____	As of the petition filing date, the claim is: Check all that apply. <input type="checkbox"/> Contingent <input type="checkbox"/> Unliquidated <input type="checkbox"/> Disputed Basis for the claim: _____ Is the claim subject to offset? <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes	\$635,163.03
3.84	Nonpriority creditor's name and mailing address Zheng Yu c/o Edward A. Marod 777 S. Flagler Drive Suite 500E West Palm Beach, FL 33401 Date(s) debt was incurred _____ Last 4 digits of account number _____	As of the petition filing date, the claim is: Check all that apply. <input type="checkbox"/> Contingent <input type="checkbox"/> Unliquidated <input type="checkbox"/> Disputed Basis for the claim: _____ Is the claim subject to offset? <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes	\$664,865.12

Debtor **160 Royal Palm, LLC**
Name

Case number (if known)

3.85 Nonpriority creditor's name and mailing address **As of the petition filing date, the claim is: Check all that apply.** **\$632,397.92**
Zhiling Gan
c/o Edward A. Marod
777 S. Flagler Drive
Suite 500E
West Palm Beach, FL 33401
 Date(s) debt was incurred _____
 Last 4 digits of account number _____
☐ Contingent
☐ Unliquidated
☐ Disputed
 Basis for the claim: _____
 Is the claim subject to offset? ☒ No ☐ Yes

3.86 Nonpriority creditor's name and mailing address **As of the petition filing date, the claim is: Check all that apply.** **\$629,325.60**
Zili Zhang
c/o Edward A. Marod
777 S. Flagler Drive
Suite 500E
West Palm Beach, FL 33401
 Date(s) debt was incurred _____
 Last 4 digits of account number _____
☐ Contingent
☐ Unliquidated
☐ Disputed
 Basis for the claim: _____
 Is the claim subject to offset? ☒ No ☐ Yes

Part 3: List Others to Be Notified About Unsecured Claims

4. List in alphabetical order any others who must be notified for claims listed in Parts 1 and 2. Examples of entities that may be listed are collection agencies, assignees of claims listed above, and attorneys for unsecured creditors.

If no others need to be notified for the debts listed in Parts 1 and 2, do not fill out or submit this page. If additional pages are needed, copy the next page.

	Name and mailing address	On which line in Part 1 or Part 2 is the related creditor (if any) listed?	Last 4 digits of account number, if any
4.1	Henry Handler, Esquire Weiss, Handler & Cornwell, P.A. One Boca Plaza 2255 Glades Road, Suite 218-A Boca Raton, FL 33431-7392	Line <u>3.43</u> <input type="checkbox"/> Not listed. Explain _____	—
4.2	Henry Handler, Esquire Weiss, Handler & Cornwell, P.A. One Boca Plaza 2255 Glades Road, Suite 218-A Boca Raton, FL 33431-7392	Line <u>3.10</u> <input type="checkbox"/> Not listed. Explain _____	—
4.3	John C. Randolph, Esquire Jones, Foster, Johnston & Stubbs, P.A. Flagler Center Tower 505 South Flagler Drive, Suite 1100 West Palm Beach, FL 33401	Line <u>3.65</u> <input type="checkbox"/> Not listed. Explain _____	—
4.4	Jose D. Sosa, Esquire Law Office of Jose D. Sosa, P.C. 712 US Highway One, 301-16 North Palm Beach, FL 33408	Line <u>3.1</u> <input type="checkbox"/> Not listed. Explain _____	—
4.5	Peter B. Rowell, Esquire The Barthet Firm 200 S. Biscayne Blvd., Suite 1800 Miami, FL 33131	Line <u>3.16</u> <input type="checkbox"/> Not listed. Explain _____	—

Part 4: Total Amounts of the Priority and Nonpriority Unsecured Claims

5. Add the amounts of priority and nonpriority unsecured claims.

	5a.	5b.	Total of claim amounts
5a. Total claims from Part 1	\$		0.00
5b. Total claims from Part 2	+	\$	83,776,644.33

Debtor **160 Royal Palm, LLC**
Name

Case number (if known)

5c. Total of Parts 1 and 2
Lines 5a + 5b = 5c.

5c.

\$ **83,776,644.33**

NOT A CERTIFIED COPY

Fill in this information to identify the case:

Debtor name **160 Royal Palm, LLC**United States Bankruptcy Court for the: **SOUTHERN DISTRICT OF FLORIDA**

Case number (if known) _____

☐ Check if this is an amended filing

Official Form 206G

Schedule G: Executory Contracts and Unexpired Leases

12/15

Be as complete and accurate as possible. If more space is needed, copy and attach the additional page, number the entries consecutively.

1. Does the debtor have any executory contracts or unexpired leases?

☐ No. Check this box and file this form with the debtor's other schedules. There is nothing else to report on this form.☒ Yes. Fill in all of the information below even if the contacts of leases are listed on *Schedule A/B: Assets - Real and Personal*

Property

(Official Form 206A/B).

2. List all contracts and unexpired leases

State the name and mailing address for all other parties with whom the debtor has an executory contract or unexpired lease

2.1. State what the contract or lease is for and the nature of the debtor's interest

State the term remaining

List the contract number of any government contract

Recorded Declaration of Use Agreement, as amended by Amendment and Second Amendment to Declaration of Use Agreement
Indefinite (7/3/2007, 12/28/2012, 8/13/2013)
ORB 219/P 499, ORB 25694/P 633 and ORB 26251/P 78 PBCTown of Palm Beach
345 South County Rd.
Palm Beach, FL 33480-4443

2.2. State what the contract or lease is for and the nature of the debtor's interest

State the term remaining

List the contract number of any government contract

Recorded Heart of Palm Beach Hotel Construction Management Agreement dated July 30, 2007
Indefinite (July 30, 2007)
ORB 21987/P 510 PBCTown of Palm Beach
345 South County Road
Palm Beach, FL 33480-4443

2.3. State what the contract or lease is for and the nature of the debtor's interest

State the term remaining

List the contract number of any government contract

Recorded Neighbor Agreement dated 4/9/2007

Indefinite (4/9/2007)

ORB 21843/P 896; ORB 21843/P 896 PBC

Vivian Doris
155 Brazilian Ave.
Palm Beach, FL 33480

Fill in this information to identify the case:

Debtor name **160 Royal Palm, LLC**United States Bankruptcy Court for the: **SOUTHERN DISTRICT OF FLORIDA**

Case number (if known) _____

☐ Check if this is an amended filing**Official Form 206H
Schedule H: Your Codebtors**

12/15

Be as complete and accurate as possible. If more space is needed, copy the Additional Page, numbering the entries consecutively. Attach the Additional Page to this page.

1. Do you have any codebtors?

- ☐ No. Check this box and submit this form to the court with the debtor's other schedules. Nothing else needs to be reported on this form.
☒ Yes

2. In Column 1, list as codebtors all of the people or entities who are also liable for any debts listed by the debtor in the schedules of creditors, Schedules D-G. Include all guarantors and co-obligors. In Column 2, identify the creditor to whom the debt is owed and each schedule on which the creditor is listed. If the codebtor is liable on a debt to more than one creditor, list each creditor separately in Column 2:

Column 1: Codebtor

Column 2: Creditor

	Name	Mailing Address	Name	Check all schedules that apply:
2.1	Alliance Contracting Group	3601 N Dixie Highway Boca Raton, FL 33431	Palm House Hotel, LLLP	<input type="checkbox"/> D _____ <input checked="" type="checkbox"/> E/F <u>3.43</u> <input type="checkbox"/> G _____
2.2	New Haven Contracting South, Inc.	638 Shore Drive Boynton Beach, FL 33435	Richard's Woodwork, Inc.	<input checked="" type="checkbox"/> D <u>2.6</u> <input type="checkbox"/> E/F _____ <input type="checkbox"/> G _____
2.3	New Haven Contracting South, Inc.	638 Shore Drive Boynton Beach, FL 33435	Van Linda Ironworks, Inc.	<input checked="" type="checkbox"/> D <u>2.10</u> <input type="checkbox"/> E/F _____ <input type="checkbox"/> G _____
2.4	New Haven Contracting South, Inc.	638 Shore Drive Boynton Beach, FL 33435	David Campanaro	<input checked="" type="checkbox"/> D <u>2.1</u> <input type="checkbox"/> E/F _____ <input type="checkbox"/> G _____
2.5	New Haven Contracting South, Inc.	638 Shore Drive Boynton Beach, FL 33435	TWG Enterprises Waterproofing & Painting	<input checked="" type="checkbox"/> D <u>2.9</u> <input type="checkbox"/> E/F _____ <input type="checkbox"/> G _____

Debtor **160 Royal Palm, LLC**

Case number (if known) _____

Additional Page to List More Codebtors

Copy this page only if more space is needed. Continue numbering the lines sequentially from the previous page.

Column 1: Codebtor

Column 2: Creditor

2.6	New Haven Contracting South, Inc.	638 Shore Drive Boynton Beach, FL 33435	All Star Equipment	<input type="checkbox"/> D _____ <input checked="" type="checkbox"/> E/F <u>3.3</u> <input type="checkbox"/> G _____
2.7	New Haven Contracting South, Inc.	638 Shore Drive Boynton Beach, FL 33435	MPC Pools, Inc.	<input type="checkbox"/> D _____ <input checked="" type="checkbox"/> E/F <u>3.42</u> <input type="checkbox"/> G _____
2.8	New Haven Contracting South, Inc.	638 Shore Drive Boynton Beach, FL 33435	Absolute Plumbing, LLC	<input type="checkbox"/> D _____ <input checked="" type="checkbox"/> E/F <u>3.1</u> <input type="checkbox"/> G _____
2.9	New Haven Contracting South, Inc.	638 Shore Drive Boynton Beach, FL 33435	Xpert Elevator Services, Inc.	<input type="checkbox"/> D _____ <input checked="" type="checkbox"/> E/F <u>3.73</u> <input type="checkbox"/> G _____
2.10	New Haven Contracting South, Inc.	638 Shore Drive Boynton Beach, FL 33435	The Place for Tile, Inc.	<input checked="" type="checkbox"/> D <u>2.7</u> <input type="checkbox"/> E/F _____ <input type="checkbox"/> G _____
2.11	New Haven Contracting South, Inc.	638 Shore Drive Boynton Beach, FL 33435	HUFCOR Inc. d/b/a HUFCOR Florida Group	<input type="checkbox"/> D _____ <input checked="" type="checkbox"/> E/F <u>3.20</u> <input type="checkbox"/> G _____
2.12	New Haven Contracting South, Inc.	638 Shore Drive Boynton Beach, FL 33435	Allied Interiors	<input type="checkbox"/> D _____ <input checked="" type="checkbox"/> E/F <u>3.4</u> <input type="checkbox"/> G _____

Fill in this information to identify the case:

Debtor name 160 Royal Palm, LLCUnited States Bankruptcy Court for the: SOUTHERN DISTRICT OF FLORIDA

Case number (if known) _____

☐ Check if this is an amended filing

Official Form 207

Statement of Financial Affairs for Non-Individuals Filing for Bankruptcy

04/16

The debtor must answer every question. If more space is needed, attach a separate sheet to this form. On the top of any additional pages, write the debtor's name and case number (if known).

Part 1: Income

1. Gross revenue from business

☒ None.

Identify the beginning and ending dates of the debtor's fiscal year, which may be a calendar year

Sources of revenue
Check all that applyGross revenue
(before deductions and exclusions)

2. Non-business revenue

Include revenue regardless of whether that revenue is taxable. *Non-business income* may include interest, dividends, money collected from lawsuits, and royalties. List each source and the gross revenue for each separately. Do not include revenue listed in line 1.

☐ None.

Description of sources of revenue

Gross revenue from
each source
(before deductions and exclusions)

From the beginning of the fiscal year to filing date:
From 1/01/2018 to Filing Date

Sale of 2011 Maserati (VIN
ZAM45KMA1B0056772)

\$35,993.00

For prior year:
From 1/01/2017 to 12/31/2017

None\$0.00

For year before that:
From 1/01/2016 to 12/31/2016

U.S. Clerk of Court/Yacht
Sale Proceeds

\$2,326,320.92

Part 2: List Certain Transfers Made Before Filing for Bankruptcy

3. Certain payments or transfers to creditors within 90 days before filing this case

List payments or transfers—including expense reimbursements—to any creditor, other than regular employee compensation, within 90 days before filing this case unless the aggregate value of all property transferred to that creditor is less than \$6,425. (This amount may be adjusted on 4/01/19 and every 3 years after that with respect to cases filed on or after the date of adjustment.)

☐ None.

Creditor's Name and Address

Dates

Total amount of value

Reasons for payment or transfer
Check all that apply

Debtor **160 Royal Palm, LLC**

Case number (if known)

Creditor's Name and Address	Dates	Total amount of value	Reasons for payment or transfer Check all that apply
3.1. Architectural Precast & Foam, LLC c/o Christopher Rapp, Esq. Kelley Kronenberg 1475 Centrepark Blvd., Ste. 275 West Palm Beach, FL 33401	3-29-2018	\$44,501.40	<input checked="" type="checkbox"/> Secured debt <input type="checkbox"/> Unsecured loan repayments <input type="checkbox"/> Suppliers or vendors <input type="checkbox"/> Services <input checked="" type="checkbox"/> Other <u>Court Order dated March 28, 2018</u>

4. Payments or other transfers of property made within 1 year before filing this case that benefited any insider

List payments or transfers, including expense reimbursements, made within 1 year before filing this case on debts owed to an insider or guaranteed or cosigned by an insider unless the aggregate value of all property transferred to or for the benefit of the insider is less than \$6,425. (This amount may be adjusted on 4/01/19 and every 3 years after that with respect to cases filed on or after the date of adjustment.) Do not include any payments listed in line 3. *Insiders* include officers, directors, and anyone in control of a corporate debtor and their relatives; general partners of a partnership debtor and their relatives; affiliates of the debtor and insiders of such affiliates; and any managing agent of the debtor. 11 U.S.C. § 101(31).

☒ None.

Insider's name and address Relationship to debtor	Dates	Total amount of value	Reasons for payment or transfer
--	-------	-----------------------	---------------------------------

5. Repossessions, foreclosures, and returns

List all property of the debtor that was obtained by a creditor within 1 year before filing this case, including property repossessed by a creditor, sold at a foreclosure sale, transferred by a deed in lieu of foreclosure, or returned to the seller. Do not include property listed in line 6.

☒ None

Creditor's name and address	Describe of the Property	Date	Value of property
-----------------------------	--------------------------	------	-------------------

6. Setoffs

List any creditor, including a bank or financial institution, that within 90 days before filing this case set off or otherwise took anything from an account of the debtor without permission or refused to make a payment at the debtor's direction from an account of the debtor because the debtor owed a debt.

☒ None

Creditor's name and address	Description of the action creditor took	Date action was taken	Amount
-----------------------------	---	-----------------------	--------

Part 3: Legal Actions or Assignments**7. Legal actions, administrative proceedings, court actions, executions, attachments, or governmental audits**

List the legal actions, proceedings, investigations, arbitrations, mediations, and audits by federal or state agencies in which the debtor was involved in any capacity—within 1 year before filing this case.

☐ None.

Case title Case number	Nature of case	Court or agency's name and address	Status of case
7.1. 160 Royal Palm Way, 160 Royal Palm LLC CE14-1212	Code Enforcement violation	Town of Palm Beach Police Department 345 South County Road Palm Beach, FL 33480-4443	<input checked="" type="checkbox"/> Pending <input type="checkbox"/> On appeal <input type="checkbox"/> Concluded

Debtor 160 Royal Palm, LLC

Case number (if known) _____

Case title Case number	Nature of case	Court or agency's name and address	Status of case
7.2. 160 Royal Palm LLC v. Town of Palm Beach 502012CA023613	Declaratory action, seeking a declaration that the original development order granted for developing the hotel was extended automatically by the Legislature for two years.	15th Judicial Circuit 205 N. Dixie Highway West Palm Beach, FL 33401	<input checked="" type="checkbox"/> Pending <input type="checkbox"/> On appeal <input type="checkbox"/> Concluded
7.3. KK-PB Financial, LLC v. 160 Royal Palm, LLC & Palm House Hotel, LLLP 502014CA011203	Action to foreclosure first mortgage on the Palm House Hotel property.	15th Judicial Circuit 205 N. Dixie Highway West Palm Beach, FL 33401	<input checked="" type="checkbox"/> Pending <input type="checkbox"/> On appeal <input type="checkbox"/> Concluded
7.4. 160 Royal Palm, LLC v. Black 502014CA012824	Suit against Ryan Black, the former manager of Palm House, LLC, for injunctive relief (return of all property illegally removed from Palm House Hotel) for trespass	15th Judicial Circuit 205 N. Dixie Highway West Palm Beach, FL 33401	<input checked="" type="checkbox"/> Pending <input type="checkbox"/> On appeal <input type="checkbox"/> Concluded
7.5. Palm House Hotel, LLLP v. Palm House, LLC 502014CA014382	Action to enforce the terms of a \$31.8 million promissory note between Palm House Hotel, LLLP and Palm House, LLC, constituting funds to be used to renovate the Palm House Hotel property; counterclaims asserted for trespassing, misappropriation of trade secrets, and other torts. These same funds are disputed in case nos. 502015CA013244 and 502015CA014459	15th Judicial Circuit 205 N. Dixie Highway West Palm Beach, FL 33401	<input checked="" type="checkbox"/> Pending <input type="checkbox"/> On appeal <input type="checkbox"/> Concluded

Debtor 160 Royal Palm, LLC

Case number (if known) _____

	Case title Case number	Nature of case	Court or agency's name and address	Status of case
7.6.	Black v. G. Matthews & Palm House, LLC 502014CA014846	Suit to appoint a receiver over Palm House, LLC and 160 Royal Palm, LLC and to dissolve both entities; counterclaims filed for specific performance (to force Black to relinquish any membership interest in Palm House, LLC) and to invalidate the purported second mortgage held by Palm House Hotel, LLLP on the Palm House Hotel property.	15th Judicial Circuit 205 N. Dixie Highway West Palm Beach, FL 33401	<input checked="" type="checkbox"/> Pending <input type="checkbox"/> On appeal <input type="checkbox"/> Concluded
7.7.	New Haven Contracting South, Inc. v. 160 Royal Palm, LLC 502015CA013244	Foreclosure of a construction lien on the Palm House Hotel property.	15th Judicial Circuit 205 N. Dixie Highway West Palm Beach, FL 33401	<input checked="" type="checkbox"/> Pending <input type="checkbox"/> On appeal <input type="checkbox"/> Concluded
7.8.	Black, derivatively on behalf of Palm House, LLC v. R. Matthews; M. Matthews; N. Laudano; L. Evans; Leslie Robert Evans & Assocs.; New Haven Contracting South, Inc.; Mirabia, LLC; Botticelli Advisors, LLC; NJ: Dev. Group, LLC; Palm House Palm Beach, LLC 502015CA014228	Claims for Florida RICO, conspiracy, conversion, breach of fiduciary duty, unjust enrichment, and tortious interference with contract, among others, for purported misappropriation of Palm House, LLC assets by the various defendants. The "assets" at issue here are the funds loaned by Palm House Hotel, LLLP at issue in case nos. 4 and 8.	15th Judicial Circuit 205 N. Dixie Highway West Palm Beach, FL 33401	<input checked="" type="checkbox"/> Pending <input type="checkbox"/> On appeal <input type="checkbox"/> Concluded
7.9.	Architectural Precast & Foam, LLC v. 160 Royal Palm, LLC 502015CA014459	Foreclosure of a construction lien on the Palm House Hotel property.	15th Judicial Circuit 205 N. Dixie Highway West Palm Beach, FL 33401	<input checked="" type="checkbox"/> Pending <input type="checkbox"/> On appeal <input type="checkbox"/> Concluded

Debtor **160 Royal Palm, LLC**

Case number (if known) _____

Case title Case number	Nature of case	Court or agency's name and address	Status of case
7.10 Palm House Hotel, LLLP v. R. Matthews; M. Matthews; N. Laudano; J. Yu; L. Evans; Leslie Robert Evans & Assocs.; New Haven Contracting South, Inc.; Alibi, LLC; Alibi, Ltd.; Mirabia, LLC; Botticelli Advisors, LLC; 160 Royal Palm, LLC; Palm House PB, LLC; NJL Dev. Group, LLC 502015CA014480	Claims for Florida RICO, interference with loan agreement, convrgersion of loaned funds, fraudulent transfer, and civil theft, among others, regarding the \$39.5 million loan from Palm House Hotel, LLLP to Palm House. These funds are the same funds at issue in case no. 502014CA014382	15th Judicial Circuit 205 N. Dixie Highway West Palm Beach, FL 33401	<input checked="" type="checkbox"/> Pending <input type="checkbox"/> On appeal <input type="checkbox"/> Concluded
7.11 Concrete Connection Servs., LLC v. New Haven Contracting South, Inc.; 160 Royal Palm, LLC & Palm House Hotel, LLLP 502015CA002974	Foreclosure of a construction lien on the Palm House Hotel property.	15th Judicial Circuit 205 N. Dixie Highway West Palm Beach, FL 33401	<input checked="" type="checkbox"/> Pending <input type="checkbox"/> On appeal <input type="checkbox"/> Concluded
7.12 Connect Auto, Inc. v. R. Matthews; M. Matthews; Palm House PB, LLC 502016CA003374	Replevin of an automobile leased by 160 Royal Palm, LLC	15th Judicial Circuit 205 N. Dixie Highway West Palm Beach, FL 33401	<input checked="" type="checkbox"/> Pending <input type="checkbox"/> On appeal <input type="checkbox"/> Concluded
7.13 Maria Titova v. Palm House Hotel, LLLP 502016CA012723	Suit for inspection of partnership records by a limited partner of Palm House Hotel, LLLP pursuant to chapter 620, Florida Statutes.	15th Judicial Circuit 205 N. Dixie Highway West Palm Beach, FL 33401	<input checked="" type="checkbox"/> Pending <input type="checkbox"/> On appeal <input type="checkbox"/> Concluded
7.14 Li et al. v. Walsh et al. 16-81871-CIV-MARRA	Suit by EB-5 visa investors in Palm House Hotel, LLLP to recover the funds invested in the program to obtain U.S. visas. These funds are the same funds at issue in case nos. 502014CA014382, 502015CA013244, and 502015CA014459.	US District Court Southern District of Florida 400 North Miami Ave Miami, FL 33128	<input checked="" type="checkbox"/> Pending <input type="checkbox"/> On appeal <input type="checkbox"/> Concluded

8. Assignments and receivership

List any property in the hands of an assignee for the benefit of creditors during the 120 days before filing this case and any property in the hands of a receiver, custodian, or other court-appointed officer within 1 year before filing this case.

Debtor 160 Royal Palm, LLC

Case number (if known) _____

☐ None

Custodian's name and Address	Describe the property	Value
Cary Glickstein 1118 Waterway Lane Delray Beach, FL 33483	Real and personal property located at 160 Royal Palm Way, Palm Beach FL	\$16,128,000.00
	Case title Ryan Black v. Gerry Matthews, et al.	Court name and address Circuit Court, 15th Judicial Circuit, FL 205 North Dixie Highway West Palm Beach, FL 33401
	Case number 502014CA014846XXXMBAG	
	Date of order or assignment July 16, 2015	
Custodian's name and Address	Describe the property	Value
Cary Glickstein 1118 Waterway Lane Delray Beach, FL 33483	Money in custodial account	\$319,759.46
	Case title Palm House Hotel, LLLP v. Matthews, et al	Court name and address 15th Judicial Circuit Court, Florida 205 North Dixie Highway West Palm Beach, FL 33401
	Case number 502015CA014480XXXMBAG	
	Date of order or assignment September 22, 2016	

Part 4: Certain Gifts and Charitable Contributions

9. List all gifts or charitable contributions the debtor gave to a recipient within 2 years before filing this case unless the aggregate value of the gifts to that recipient is less than \$1,000

☒ None

Recipient's name and address	Description of the gifts or contributions	Dates given	Value
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Part 5: Certain Losses

10. All losses from fire, theft, or other casualty within 1 year before filing this case.

☒ None

Description of the property lost and how the loss occurred	Amount of payments received for the loss	Dates of loss	Value of property lost
If you have received payments to cover the loss, for example, from insurance, government compensation, or tort liability, list the total received.			
List unpaid claims on Official Form 106A/B (Schedule A/B: Assets – Real and Personal Property).			

Part 6: Certain Payments or Transfers**11. Payments related to bankruptcy**

List any payments of money or other transfers of property made by the debtor or person acting on behalf of the debtor within 1 year before the filing of this case to another person or entity, including attorneys, that the debtor consulted about debt consolidation or restructuring, seeking bankruptcy relief, or filing a bankruptcy case.

☒ None.

Who was paid or who received the transfer? Address	If not money, describe any property transferred	Dates	Total amount or value
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12. Self-settled trusts of which the debtor is a beneficiary

List any payments or transfers of property made by the debtor or a person acting on behalf of the debtor within 10 years before the filing of this case to a self-settled trust or similar device.

Do not include transfers already listed on this statement.

Debtor 160 Royal Palm, LLC

Case number (if known) _____

☒ None.

Name of trust or device	Describe any property transferred	Dates transfers were made	Total amount or value
-------------------------	-----------------------------------	---------------------------	-----------------------

13. Transfers not already listed on this statement

List any transfers of money or other property by sale, trade, or any other means made by the debtor or a person acting on behalf of the debtor within 2 years before the filing of this case to another person, other than property transferred in the ordinary course of business or financial affairs. Include both outright transfers and transfers made as security. Do not include gifts or transfers previously listed on this statement.

☒ None.

Who received transfer? Address	Description of property transferred or payments received or debts paid in exchange	Date transfer was made	Total amount or value
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Part 7: Previous Locations**14. Previous addresses**

List all previous addresses used by the debtor within 3 years before filing this case and the dates the addresses were used.

☐ Does not apply

Address

Dates of occupancy
From-To

14.1. 101 Casa Bendita
Palm Beach, FL 33480

4/14/2017 - Present

14.2. 160 Royal Palm Way, Suite 110
Palm Beach, FL 33480

11/4/2013-4/14/2017

Part 8: Health Care Bankruptcies**15. Health Care bankruptcies**

Is the debtor primarily engaged in offering services and facilities for:

- diagnosing or treating injury, deformity, or disease, or
- providing any surgical, psychiatric, drug treatment, or obstetric care?

☒ No. Go to Part 9.☐ Yes. Fill in the information below.

Facility name and address

Nature of the business operation, including type of services
the debtor providesIf debtor provides meals
and housing, number of
patients in debtor's care**Part 9: Personally Identifiable Information****16. Does the debtor collect and retain personally identifiable information of customers?**☒ No.☐ Yes. State the nature of the information collected and retained.**17. Within 6 years before filing this case, have any employees of the debtor been participants in any ERISA, 401(k), 403(b), or other pension or profit-sharing plan made available by the debtor as an employee benefit?**☒ No. Go to Part 10.☐ Yes. Does the debtor serve as plan administrator?**Part 10: Certain Financial Accounts, Safe Deposit Boxes, and Storage Units**

Debtor 160 Royal Palm, LLC

Case number (if known) _____

18. Closed financial accounts

Within 1 year before filing this case, were any financial accounts or instruments held in the debtor's name, or for the debtor's benefit, closed, sold, moved, or transferred?
Include checking, savings, money market, or other financial accounts; certificates of deposit; and shares in banks, credit unions, brokerage houses, cooperatives, associations, and other financial institutions.

☐ None

Financial Institution name and Address

Last 4 digits of account number

Type of account or instrument

Date account was closed, sold, moved, or transferred

Last balance before closing or transfer

19. Safe deposit boxes

List any safe deposit box or other depository for securities, cash, or other valuables the debtor now has or did have within 1 year before filing this case.

☐ None

Depository Institution name and address

Names of anyone with access to it
Address

Description of the contents

Do you still have it?

20. Off-premises storage

List any property kept in storage units or warehouses within 1 year before filing this case. Do not include facilities that are in a part of a building in which the debtor does business.

☐ None

Facility name and address

Names of anyone with access to it

Description of the contents

Do you still have it?

Part 11: Property the Debtor Holds or Controls That the Debtor Does Not Own**21. Property held for another**

List any property that the debtor holds or controls that another entity owns. Include any property borrowed from, being stored for, or held in trust. Do not list leased or rented property.

☐ None**Part 12: Details About Environment Information**

For the purpose of Part 12, the following definitions apply:

Environmental law means any statute or governmental regulation that concerns pollution, contamination, or hazardous material, regardless of the medium affected (air, land, water, or any other medium).

Site means any location, facility, or property, including disposal sites, that the debtor now owns, operates, or utilizes or that the debtor formerly owned, operated, or utilized.

Hazardous material means anything that an environmental law defines as hazardous or toxic, or describes as a pollutant, contaminant, or a similarly harmful substance.

Report all notices, releases, and proceedings known, regardless of when they occurred.

22. Has the debtor been a party in any judicial or administrative proceeding under any environmental law? Include settlements and orders.☐ No.☐ Yes. Provide details below.Case title
Case number

Court or agency name and address

Nature of the case

Status of case

23. Has any governmental unit otherwise notified the debtor that the debtor may be liable or potentially liable under or in violation of an environmental law?

Debtor 160 Royal Palm, LLC

Case number (if known) _____

- ☐ No.
☐ Yes. Provide details below.

Site name and address

Governmental unit name and
address

Environmental law, if known

Date of notice

24. Has the debtor notified any governmental unit of any release of hazardous material?

- ☐ No.
☐ Yes. Provide details below.

Site name and address

Governmental unit name and
address

Environmental law, if known

Date of notice

Part 13: Details About the Debtor's Business or Connections to Any Business**25. Other businesses in which the debtor has or has had an interest**

List any business for which the debtor was an owner, partner, member, or otherwise a person in control within 6 years before filing this case. Include this information even if already listed in the Schedules.

- ☐ None

Business name address

Describe the nature of the business

Employer Identification number

Do not include Social Security number or ITIN.

Dates business existed

26. Books, records, and financial statements

26a. List all accountants and bookkeepers who maintained the debtor's books and records within 2 years before filing this case.

- ☐ None

Name and address

Date of service
From-To

26b. List all firms or individuals who have audited, compiled, or reviewed debtor's books of account and records or prepared a financial statement within 2 years before filing this case.

- ☐ None

26c. List all firms or individuals who were in possession of the debtor's books of account and records when this case is filed.

- ☐ None

Name and address

If any books of account and records are
unavailable, explain why

26d. List all financial institutions, creditors, and other parties, including mercantile and trade agencies, to whom the debtor issued a financial statement within 2 years before filing this case.

- ☐ None

Name and address

27. Inventories

Have any inventories of the debtor's property been taken within 2 years before filing this case?

- ☐ No
☐ Yes. Give the details about the two most recent inventories.

Name of the person who supervised the taking of the
inventory

Date of inventory

The dollar amount and basis (cost, market,
or other basis) of each inventory**28. List the debtor's officers, directors, managing members, general partners, members in control, controlling shareholders, or other people in control of the debtor at the time of the filing of this case.**

Debtor **160 Royal Palm, LLC**

Case number (if known) _____

Name	Address	Position and nature of any interest	% of interest, if any
Palm House, LLC	101 Casa Bendita Palm Beach, FL 33480	Sole Member	100
Name	Address	Position and nature of any interest	% of interest, if any
Gerry Matthews	161 Camp Road Middlebury, CT 06762-2337	Manager of Palm House LLC	99
Name	Address	Position and nature of any interest	% of interest, if any
Ryan Black	3930 N. Flagler Street Suite 201 West Palm Beach, FL 33407	Member of Palm House LLC	1
Name	Address	Position and nature of any interest	% of interest, if any
Cary Glickstein	1118 Waterway Lane Delray Beach, FL 33483	Court Appointed Receiver	0

29. Within 1 year before the filing of this case, did the debtor have officers, directors, managing members, general partners, members in control of the debtor, or shareholders in control of the debtor who no longer hold these positions?

- ☐ No
☒ Yes. Identify below.

Name	Address	Position and nature of any interest	Period during which position or interest was held
Gerry Matthews	161 Camp Road Middlebury, CT 06762-2337	99% Member/Manager Palm House LLC	10/2014

30. Payments, distributions, or withdrawals credited or given to insiders

Within 1 year before filing this case, did the debtor provide an insider with value in any form, including salary, other compensation, draws, bonuses, loans, credits on loans, stock redemptions, and options exercised?

- ☒ No
☐ Yes. Identify below.

Name and address of recipient	Amount of money or description and value of property	Dates	Reason for providing the value
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31. Within 6 years before filing this case, has the debtor been a member of any consolidated group for tax purposes?

- ☒ No
☐ Yes. Identify below.

Name of the parent corporation

Employer Identification number of the parent corporation

32. Within 6 years before filing this case, has the debtor as an employer been responsible for contributing to a pension fund?

- ☒ No
☐ Yes. Identify below.

Name of the pension fund

Employer Identification number of the parent corporation

Part 14: Signature and Declaration

WARNING -- Bankruptcy fraud is a serious crime. Making a false statement, concealing property, or obtaining money or property by fraud in

Debtor 160 Royal Palm, LLC

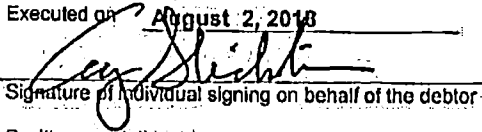
Case number (if known) _____

connection with a bankruptcy case can result in fines up to \$500,000 or imprisonment for up to 20 years, or both, 18 U.S.C. §§ 152, 1341, 1519, and 3571.

I have examined the information in this *Statement of Financial Affairs* and any attachments and have a reasonable belief that the information is true and correct.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on August 2, 2018


Signature of individual signing on behalf of the debtor

Cary Glickstein
Printed name

Position or relationship to debtor Sole and Exclusive Manager

Are additional pages to *Statement of Financial Affairs for Non-Individuals Filing for Bankruptcy* (Official Form 207) attached?

☒ No
☐ Yes

NOT A CERTIFIED COPY

**United States Bankruptcy Court
Southern District of Florida**

In re 160 Royal Palm, LLC

Debtor(s)

Case No.

Chapter 11

LIST OF EQUITY SECURITY HOLDERS

Following is the list of the Debtor's equity security holders which is prepared in accordance with rule 1007(a)(3) for filing in this Chapter 11 Case

Name and last known address or place of business of holder	Security Class	Number of Securities	Kind of Interest
Palm House, LLC 160 Royal Palm Way Palm Beach, FL 33480	Owner	100%	Ownership

DECLARATION UNDER PENALTY OF PERJURY ON BEHALF OF CORPORATION OR PARTNERSHIP

I, the **Sole and Exclusive Manager** of the corporation named as the debtor in this case, declare under penalty of perjury that I have read the foregoing List of Equity Security Holders and that it is true and correct to the best of my information and belief.

Date August 2, 2018

Signature


 Gary Glickstein

*Penalty for making a false statement of concealing property: Fine of up to \$500,000 or imprisonment for up to 5 years or both.
18 U.S.C. §§ 152 and 3571.*

**United States Bankruptcy Court
Southern District of Florida**

In re 160 Royal Palm, LLC

Debtor(s)

Case No.
Chapter

11

VERIFICATION OF CREDITOR MATRIX

I, the Sole and Exclusive Manager of the corporation named as the debtor in this case, hereby verify that the attached list of creditors is true and correct to the best of my knowledge.

Date: August 2, 2018


Cary Glickstein/Sole and Exclusive Manager
Signer/Title

Absolute Plumbing, LLC
917 N. Railroad Avenue
West Palm Beach, FL 33401

Adam G. Heffner, Esquire
1900 N.W. Corporate Blvd.
Suite 301-West Building
Boca Raton, FL 33431

Ali Adampeyra
UAE Dubai, downtown, Burj
Khalifa, Unit 5507
Iran

All Star Equipment
Todd Taylor
6753 Garden Rd.
Suite 101
West Palm Beach, FL 33404

Alliance Contracting Group
3601 N Dixie Highway
Boca Raton, FL 33431

Allied Interiors
6363 Edgewater Drive
Orlando, FL 32810

Baoping Liu
c/o Edward A. Marod
777 S. Flagler Drive
Suite 500E
West Palm Beach, FL 33401

Bei Zhu
c/o Edward A. Marod
777 S. Flagler Drive
Suite 500E
West Palm Beach, FL 33401

Changyue Liu
c/o Edward A. Marod
777 S. Flagler Drive
Suite 500E
West Palm Beach, FL 33401

Chengyu Gu
c/o Edward A. Marod
777 S. Flagler Drive
Suite 500E
West Palm Beach, FL 33401

Chunning Ye
c/o Edward A. Marod
777 S. Flagler Drive
Suite 500E
West Palm Beach, FL 33401

Connect Auto, Inc.
550 Business Park Way
Suite 6
West Palm Beach, FL 33411-1743

Craig T. Galle, Esquire
The Galle Law Group
13501 South Shore Blvd., Suite 103
Wellington, FL 33414

Cuilian Li
c/o Edward A. Marod
777 S. Flagler Drive
Suite 500E
West Palm Beach, FL 33401

Daniel A. Hershman, Esq.
2240 Palm Beach Lakes Blvd.
Suite 101
West Palm Beach, FL 33401

Daqin Weng
c/o Edward Marod
777 S. Flagler Drive
Suite 500E
West Palm Beach, FL 33401

David Campanaro
c/o Gary Russo, Esq.
The Russo Law Firm
701 Northpoint Parkway, Suite 315
West Palm Beach, FL 33407

David W. Gorman
631 Lucerne Avenue
Lake Worth, FL 33460

Dongsheng Zhu
c/o Edward Marod
777 S. Flagler Drive
Suite 500E
West Palm Beach, FL 33401

Feng Guo
c/o Edward A. Marod
777 S. Flagler Drive
Suite 500E
West Palm Beach, FL 33401

Fernando Wong Outdoor Living Design, Inc
1500 Bay Road, Suite 600
Miami Beach, FL 33139

Florida Department of Revenue
P.O. Box 6668
Tallahassee, FL 32314-6668

Garry Russo, Esquire
The Russo Law Firm
701 Northpoint Parkway, Suite 315
West Palm Beach, FL 33407

Hali Eversen
c/o Edward A. Marod
777 S. Flagler Drive
Suite 500E
West Palm Beach, FL 33401

Hao Lou
c/o Edward A. Marod
777 S. Flagler Drive
Suite 500E
West Palm Beach, FL 33401

Henry B. Handler, Esquire
Weiss, Handler & Cornwell, P.A.
2255 Glades Road
Suite 218A
Boca Raton, FL 33431

Henry Handler, Esquire
Weiss, Handler & Cornwell, P.A.
One Boca Plaza
2255 Glades Road, Suite 218-A
Boca Raton, FL 33431-7392

Henry Handler, Esquire
Weiss, Handler & Cornwell, P.A.
One Boca Plaza
2255 Glades Road, Suite 218-A
Boca Raton, FL 33431-7392

Hongru Pan
c/o Edward A. Marod
777 S. Flagler Drive
Suite 500E
West Palm Beach, FL 33401

HUFCOR Inc. d/b/a HUFCOR Florida Group
1301 Central Park Drive
Sanford, FL 32771

Internal Revenue Service
Attn: Special Procedures
P.O. Box 34045
Stop 572
Jacksonville, FL 32202

Internal Revenue Service
P.O. Box 7346
Philadelphia, PA 19114

Jame F. Biagi, P.E.
1915 NE 45th Street
Suite 107
Fort Lauderdale, FL 33308

Jeffrey C. Pepin, Esquire
3418 Poinsettia Avenue
West Palm Beach, FL 33407

John C. Randolph, Esquire
Jones, Foster, Johnson, & Stubbs, P.A.
Post Office Box 3475
West Palm Beach, FL 33402-3475

John C. Randolph, Esquire
Jones, Foster, Johnston & Stubbs, P.A.
Flagler Center Tower
505 South Flagler Drive, Suite 1100
West Palm Beach, FL 33401

Jordana L. Goldstein, Esq.
150 South Pine Island Road., Suite 400
Plantation, FL 33324

Jose D. Sosa, Esquire
Law Office of Jose D. Sosa, P.C..
712 US Highway One, 301-16
North Palm Beach, FL 33408

Juewei Zhou
c/o Edward A. Marod
777 S. Flagler Drive
Suite 500E
West Palm Beach, FL 33401

Junqiang Feng
c/o Edward A. Marod
777 S. Flagler Drive
Suite 500E
West Palm Beach, FL 33401

Kammerer Mariani PLLC
1601 Forum Place, Suite 500
West Palm Beach, FL 33401

KK-PB Financial LLC
13501 South Shore Boulevard
Suite 101
Wellington, FL 33414

Kuang Yaoping
c/o Edward A. Marod
777 S. Flagler Drive
Suite 500E
West Palm Beach, FL 33401

Lan Li
c/o Edward A. Marod
777 S. Flagler Drive
Suite 500E
West Palm Beach, FL 33401

Landmark Construction Companies, Inc.
d/b/a RoofPro
1486-E Skees Rd.
West Palm Beach, FL 33480

Li Dongsheng
c/o Edward A. Marod
777 S. Flagler Drive
Suite 500E
West Palm Beach, FL 33401

Li Zhang
c/o Edward A. Marod
777 S. Flagler Drive
Suite 500E
West Palm Beach, FL 33401

Ling Li
c/o Edward A. Marod
777 S. Flagler Drive
Suite 500E
West Palm Beach, FL 33401

Liyan Feng
c/o Edward A. Marod
777 S. Flagler Drive
Suite 500E
West Palm Beach, FL 33401

MacSchmeyer Concrete Company of Florida,
c/o Naomi Stevenson
1142 Watertower Road
Lake Park, FL 33403

McCabe Rabin
1601 Forum Place, Suite 201
West Palm Beach, FL 33401

McDonald Hopkins Co., LLC
Accounts Receivable
600 Superior Avenue, E
Suite 2100
Cleveland, OH 44114

McDonald Hopkins LLC
Accounts Receivable
600 Superior Avenue, E.
Suite 2100
Cleveland, OH 44114

McDonald Hopkins, LLC
Accounts Receivable
600 Superior Avenue, E
Suite 2100
Cleveland, OH 44114

McIntosh & Schwartz, PL
888 Southeast Third Avenue, Suite 201
Fort Lauderdale, FL 33316

Michael E. O'Connor, Esq.
111 SE 12th St.
Fort Lauderdale, FL 33316

Michael T. Landen, Esquire
Kluger, Kaplan, Silverman, Katzen &
Levine, P.L.
201 S. Biscayne Blvd., 27th Floor
Miami, FL 33131

Min Cui
c/o Edward A. Marod
777 S. Flagler Drive
Suite 500E
West Palm Beach, FL 33401

Min Li
c/o Edward A. Marod
777 S. Flagler Drive
Suite 500E
West Palm Beach, FL 33401

Mohammad Zargar
c/o Edward A. Marod
777 S. Flagler Drive
Suite 500E
West Palm Beach, FL 33401

Mohammadreza Sedaghat
c/o Edward A. Marod
777 S. Flagler Drive
Suite 500E
West Palm Beach, FL 33401

Moore Unique Interiors, Inc.
16889 West Secretariat Drive
Loxahatchee, FL 33470

MPC Pools, Inc.
12720 Orange Grove Blvd.
West Palm Beach, FL 33411

New Haven Contracting South, Inc.
638 Shore Drive
Boynton Beach, FL 33435

New Haven Contracting South, Inc.
638 Shore Drive
Boynton Beach, FL 33435

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Boynton Beach, FL 33435

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638 Shore Drive
Boynton Beach, FL 33435

Office of Attorney General
State of Florida
The Capitol PL-01
Tallahassee, FL 32399-1050

Palm House Hotel, LLLP
197 S. Federal Highway, Suite 200
Boca Raton, FL 33432

Palm House Hotel, LLLP
197 S. Federal Highway, Suite 200
Boca Raton, FL 33432

Paul Cleary d/b/a Cleary Plumbing Inc.
925 S. Military Trail D11
West Palm Beach, FL 33415

Peter B. Rowell, Esquire
The Barthet Firm
200 S. Biscayne Blvd., Suite 1800
Miami, FL 33131

Qingyun Yu
c/o Edward A. Marod
777 S. Flagler Drive
Suite 500E
West Palm Beach, FL 33401

Qiong Deng
c/o Edward A. Marod
777 S. Flagler Drive
Suite 500E
West Palm Beach, FL 33401

Qiongfang Zhu
c/o Edward A. Marod
777 S. Flagler Drive
Suite 500E
West Palm Beach, FL 33401

Quality Concrete Pumping, Inc.
1842 NW 85th Drive
Coral Springs, FL 33071

Ran Chen
c/o Edward A. Marod
777 S. Flagler Drive
Suite 500E
West Palm Beach, FL 33401

Reza Siamak Nia
c/o Edward A. Marod
777 S. Flagler Drive
Suite 500E
West Palm Beach, FL 33401

Richard's Woodwork, Inc.
1301
53rd St. #2
West Palm Beach, FL 33407

Ruji Li
c/o Edward A. Marod
777 S. Flagler Drive
Suite 500E
West Palm Beach, FL 33401

Rujing Wei
c/o Edward A. Marod
777 S. Flagler Drive
Suite 500E
West Palm Beach, FL 33401

Sanaz Salehin
c/o Edward A. Marod
777 S. Flagler Drive
Suite 500E
West Palm Beach, FL 33401

Sara Salehin
c/o Edward A. Marod
777 S. Flagler Drive
Suite 500E
West Palm Beach, FL 33401

SEC Headquarters
100 F Street, NE
Washington, DC 20549

Securities and Exchange Commission
801 Brickell Ave., Suite 1800
Miami, FL 33131

Sha Shi
c/o Edward A. Marod
777 S. Flagler Drive
Suite 500E
West Palm Beach, FL 33401

Shahriar Ebrahimian
c/o Edward A. Marod
777 S. Flagler Drive
Suite 500E
West Palm Beach, FL 33401

Shaoping Huang
c/o Edward A. Marod
777 S. Flagler Drive
Suite 500E
West Palm Beach, FL 33401

Shaoqing Zeng
c/o Edward A. Marod
777 S. Flagler Drive
Suite 500E
West Palm Beach, FL 33401

Shu Jiang
c/o Edward A. Marod
777 S. Flagler Drive
Suite 500E
West Palm Beach, FL 33401

Shuangyun Wang
c/o Edward A. Marod
777 S. Flagler Drive
Suite 500E
West Palm Beach, FL 33401

Tang Cheok Fai
c/o Edward A. Marod
777 S. Flagler Drive
Suite 500E
West Palm Beach, FL 33401

Tao Xiong
c/o Edward A. Marod
777 S. Flagler Drive
Suite 500E
West Palm Beach, FL 33401

The Place for Tile, Inc.
7957 NW 54th Street
Miami, FL 33166

Tingting Sun
c/o Edward A. Marod
777 S. Flagler Drive
Suite 500E
West Palm Beach, FL 33401

Tonghui Luan
c/o Edward A. Marod
777 S. Flagler Drive
Suite 500E
West Palm Beach, FL 33401

Town of Palm Beach
345 South County Road
Palm Beach, FL 33480-4443

Town of Palm Beach
345 South County Road
Palm Beach, FL 33480-4443

Town of Palm Beach
345 South County Rd.
Palm Beach, FL 33480-4443

Town of Palm Beach
345 South County Road
Palm Beach, FL 33480-4443

TWG Enterprises Waterproofing & Painting
c/o Adam G. Heffner, Esq.
1900 NW Corporate Blvd.
Suite 301-West Building
Boca Raton, FL 33431

United States Attorney General's Office
US Department of Justice
950 Pennsylvania Avenue
Washington, DC 20530-0001

US Attorney Southern District of Florida
500 East Broward Boulevard
Fort Lauderdale, FL 33394

Van Linda Ironworks, Inc.
3787 Boutwell Road
Boynton Beach, FL 33435

Vivian Doris
155 Brazilian Ave.
Palm Beach, FL 33480

Wallace Surveying Corporation
5553 Village Boulevard
West Palm Beach, FL 33407

Wenhao Zhang
c/o Edward A. Marod
777 S. Flagler Drive
Suite 500E
West Palm Beach, FL 33401

Xiang Chunhua
c/o Edward A. Marod
777 S. Flagler Drive
Suite 500E
West Palm Beach, FL 33401

Xiang She
c/o Edward A. Marod
777 S. Flagler Drive
Suite 500E
West Palm Beach, FL 33401

Xiao Sun
c/o Edward Marod
777 S. Flagler Drive
Suite 500E
West Palm Beach, FL 33401

Xiaonan Wang
c/o Edward A. Marod
777 S. Flagler Drive
Suite 500E
West Palm Beach, FL 33401

Xiaoping Zhang
c/o Edward A. Marod
777 S. Flagler Drive
Suite 500E
West Palm Beach, FL 33401

Xpert Elevator Services, Inc.
550 Business Park Way, Bay #8
West Palm Beach, FL 33411

Yajun Kang
c/o Edward A. Marod
777 S. Flagler Drive
Suite 500E
West Palm Beach, FL 33401

Yan Chen
c/o Edward A. Marod
777 S. Flagler Drive
Suite 500E
West Palm Beach, FL 33401

Yawen Li
c/o Edward A. Marod
777 S. Flagler Drive
Suite 500E
West Palm Beach, FL 33401

Yi Zhao
c/o Edward A. Marod
777 S. Flagler Drive
Suite 500E
West Palm Beach, FL 33401

Ying Fei
c/o Edward A. Marod
777 S. Flagler Drive
Suite 500E
West Palm Beach, FL 33401

Ying Tan
c/o Edward A. Marod
777 S. Flagler Drive
Suite 500E
West Palm Beach, FL 33401

Yingjun Yang
c/o Edward A. Marod
777 S. Flagler Drive
Suite 500E
West Palm Beach, FL 33401

Yuanbo Wang
c/o Edward A. Marod
777 S. Flagler Drive
Suite 500E
West Palm Beach, FL 33401

Yulong Tang
c/o Edward A. Marod
777 S. Flagler Drive
Suite 500E
West Palm Beach, FL 33401

Zhaohui Li (Chaohui Li)
c/o Edward A. Marod
777 S. Flagler Drive
Suite 500E
West Palm Beach, FL 33401

Zheng Yu
c/o Edward A. Marod
777 S. Flagler Drive
Suite 500E
West Palm Beach, FL 33401

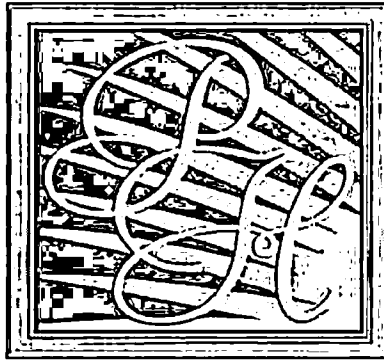
Zhiling Gan
c/o Edward A. Marod
777 S. Flagler Drive
Suite 500E
West Palm Beach, FL 33401

Zili Zhang
c/o Edward A. Marod
777 S. Flagler Drive
Suite 500E
West Palm Beach, FL 33401

NOT A CERTIFIED COPY

EXHIBIT “14”

NOT A CERTIFIED COPY



THE PALM HOUSE

A Luxury Condominium Hotel and Spa on Palm Beach

FULL SIGNATORY PACKAGE



Petitioner Name:

Petitioner ID Number:



WIRE INSTRUCTIONS
ADMINISTRATIVE FEES





INCOMING INTERNATIONAL WIRING

Receiving Bank: PNC Bank

SWIFT CODE: PNCCUS33

BENEFICIARY: South Atlantic Regional Center, LLC.

197 S. Federal Highway Suite 200

Boca Raton, Florida

USA, 33432

Beneficiary Account Numbers:

ACCOUNT NAME: Palm House Hotel, LLLP

ACCOUNT NUMBER: [REDACTED] (Checking Account)

PNC Bank ABA Number: [REDACTED]

For tracking purposes, please fax or email a copy of the bank wire receipt to our office.

Note: Should you wish to include additional information with the payment (e.g. the remitter's name), you may include it in the *Originator to Beneficiary Field* (also referred to as Field Tag 6000), which contains 140 characters for additional remittance information.

**FOR ASSISTANCE FROM PNC BANK PLEASE CALL:
(877) 287-2654**



Palm House Hotel, LLLP

428 Main Street

South Pilgrims Mall

Woodbury, CT06798



WIRE INSTRUCTIONS

ESCROW ACCOUNT

NOT A CERTIFIED COPY



ESCROW BANK WIRE TRANSFER INSTRUCTIONS

**WIRING INSTRUCTIONS
FOR DEPOSITING FUNDS
INTO ESCROW ACCOUNT**

[INBOUND WIRING INSTRUCTIONS]

\$500,000.00 USD | ESCROW FUNDS

Escrow Bank: **PNC Bank**

LLLP: **Palm House Hotel, LLP**

Subscriber Representative:

South Atlantic Regional Center, LLC

Funds should be wired directly pursuant to the following instructions:

To: **PNC Bank**

9875 Jog Road

Boynton Beach, FL 33437 USA

ABA # [REDACTED]

SWIFT Code: **PNCCUS33**

Credit To:

Palm House Hotel, LLLP Escrow Account

Account # [REDACTED]

Subscriber info: _____
(Name of Subscriber for Account)

CONFIDENTIALITY NOTE: The information contained in this document is legally privileged and confidential information intended only for the addressee(s) named above. If the reader of this document is not the intended recipient, you are hereby notified that any dissemination, distribution or copy of the document is strictly prohibited. If you have received this document in error, please immediately notify us by telephone and return the document to us at the address below via US Mail. We will reimburse any reasonable cost you incur in notifying us and returning the document to us. Thank you.



Palm House Hotel, LLLP

Private Placement Memorandum



NOTE TO PROSPECTIVE SUBSCRIBERS

By accepting this document you agree to maintain in confidence the information set forth in this document, together with any other non-public information regarding the Partnership, obtained from the Partnership or its agents, during the course of the proposed offering and to return this document to the Partnership in the event that you do not elect to participate in the offering.

Private Placement Memorandum

This document serves as a record of my receipt of the Private Placement Memorandum dated 12/02/2012, for Palm House Hotel, LLLP, a Florida Limited Liability Limited Partnership (the "Partnership"). I received a copy of the Private Placement Memorandum, containing an investment summary, business summary, accredited investor questionnaire and subscription agreement.

I understand that this offering has not been registered with the Florida division of securities, the U.S. Securities and Exchange Commission ("SEC") or any other foreign securities agency and is not required to be so registered.

I agree to maintain in confidence the information set forth in this document, together with any other non-public information regarding the Partnership, obtained from the Partnership or its agents, during the course of the proposed offering and to return this document to the Partnership in the event that I do not elect to participate in the offering.

Investor Name

Investor Signature

Date



LIMITED PARTNERSHIP AGREEMENT



LIMITED PARTNERSHIP AGREEMENT OF PALM HOUSE HOTEL, LLLP

a Florida Limited Liability Limited Partnership
County of Palm Beach

Dated 11/30/2012

Palm House Hotel, LLLP
197 S. Federal Highway, Suite 200
Boca Raton, FL 33432
Telephone: (561) 282-6102

LIMITED PARTNERSHIP AGREEMENT
Palm House Hotel, LLLP

11/30/2012

1

IN WITNESS WHEREOF, each party has executed this Limited Partnership Agreement on the day and year written below.

GENERAL PARTNER

Joseph J. Walsh
For South Atlantic Regional Center, LLC

Date: _____

LIMITED PARTNER

(Signature)

Date: _____

(Written Name)

NOT A CERTIFIED COPY



SUBSCRIPTION AGREEMENT

SUBSCRIBER: _____

Palm House Hotel, LLLP
a Florida Partnership
197 S. Federal Highway, Suite 200, Boca Raton, FL 33432

RE: Offering by Palm House Hotel, LLLP of Partnership interests

The undersigned Subscriber hereby subscribes to and agrees to purchase an equity interest in Palm House Hotel, LLLP, a Florida limited liability Partnership ("Partnership") consisting of a \$500,000 equity investment in Partnership ("Investment") as set forth below on the signature page hereof. The investment in Partnership, and indirectly in the Hotel Project ("Project") is described in the Private Placement Memorandum ("Memorandum"). The Partnership will be managed by South Atlantic Regional Center, LLC ("General Partner"). All capitalized terms not otherwise defined herein shall have the meaning specified in the Memorandum.

In addition to the \$500,000 investment, each Subscriber will pay concurrently to General Partner an organizational and administration fee of \$40,000, as described in the Memorandum and LP Agreement. Upon General Partner's acceptance of the Subscription, the entire \$540,000 shall be wired into an Escrow.

Subscriber, by executing this Subscription Agreement, does hereby certify and agree as follows:

1. I have had a personal interview (the "Interview") with the representative of General Partner. During the course of the Interview, we discussed the information concerning the Partnership, General Partner, and their business in great detail and I had the opportunity to obtain any additional information I believed I needed in order to evaluate the risks and merits of the investment. I have also been provided with the Memorandum that provides certain

SUBSCRIPTION AGREEMENT
Palm House Hotel, LLLP

11/24/2012

1

dealing ... in property or interests in property blocked ... is prohibited, any transaction ... that evades or avoids, or has the purpose of evading or avoiding, or attempts to violate, any of the prohibitions set forth in this order is prohibited, and any conspiracy formed to violate any of the prohibitions set forth in this order is prohibited. The phrase following persons (hereinafter referred to as Terrorists) is generally defined in the Order as meaning terrorists, including a specified list or persons and organizations. I hereby represent and warrant that I am not a Terrorist as described above.

23. I am a resident of: _____
(list U.S. state or province/country).

24. I AM AN ACCREDITED INVESTOR! I am aware that the Investment is being offered to accredited investors only. I acknowledge and warrant that I am an accredited investor because (check appropriate category):

a. ☐ My individual net worth (without any exclusions), or joint net worth together with my spouse (if any), is in excess of \$1,000,000 (exclusive of my or my spouse's primary residence).

b. ☐ My individual income was in excess of \$200,000 in each of the past two years (excluding my spouse's income), or my joint income with my spouse was in excess of \$300,000 in each of the past two years, and I expect to have an income in excess of that amount in the current year.

25. I hereby provide you with the following information and representations:

1. Employer and Position: _____

2. Business Address and Telephone Number: _____

3. Business or professional education and degrees: _____

4. Prior Employment (5 Years):

EMPLOYER	NATURE OF DUTIES	DATES OF EMPLOYMENT
_____	_____	_____
_____	_____	_____
_____	_____	_____

5. Prior Investments of Purchaser (cumulative amount):

Real Estate:	None: <input type="checkbox"/>	Up to \$100,000: <input type="checkbox"/>	Over \$100,000: <input type="checkbox"/>
Oil and Gas:	None: <input type="checkbox"/>	Up to \$100,000: <input type="checkbox"/>	Over \$100,000: <input type="checkbox"/>
Other:	None: <input type="checkbox"/>	Up to \$100,000: <input type="checkbox"/>	Over \$100,000: <input type="checkbox"/>

THE INFORMATION CONTAINED IN THIS SUBSCRIPTION AGREEMENT WILL BE TREATED CONFIDENTIALLY. However, I agree that you may present this Subscription Agreement to such parties as you deem appropriate if the Partnership is called upon to establish that the proposed offer and sale of the Investment is exempt from registration under the Act, or meets the requirements of applicable state securities laws.

IN WITNESS WHEREOF, the undersigned has executed this Subscription Agreement.

Signature: _____

Date: _____, 20____

Amount of Investment: \$500,000

Ownership interest to be vested in the name(s) as follows:

Name Typed or Printed: _____

Social Security Number: _____

Phone Number: _____ Email: _____

Street Mailing Address: _____

City: _____ State or Province: _____

Country: _____ Zip / Postal Code: _____

The initial \$40,000 check will be deposited into escrow and should be made payable to:

"PNC Bank, as Escrow Agent for Palm House Hotel, LLLP."

If your subscription is not accepted, please indicate your beneficiary bank to return your investment:

Wire Instructions for payments to Beneficiary Bank:

Beneficiary Name: _____

Beneficiary Address: _____

Beneficiary Bank Account Number: _____

Beneficiary Phone Number: _____

Beneficiary ID (Passport Number): _____

Beneficiary Bank Name: _____

Beneficiary Bank Address: _____

Branch SWIFT Code: _____

If required Intermediary Bank Name: _____

If required Intermediary Bank Address: _____

If required Intermediary Bank SWIFT Code: _____



Date: _____

Total Pages 4:

I-526 Immigration Petition LEGAL SERVICE AGREEMENT

Between: Mr./Mrs. _____ and USREDA, Inc.
("United States Regional Economic Development Authority, Inc.") ("USREDA").

RE: Preparation & filing of I-526 Immigrant Petition by Alien Entrepreneur to USCIS Retainer Agreement:

USREDA will provide you services through our legal services department. Our team of Attorneys and Para-legal assistants will help you and your family with the following:

- (1) The preparation and filing with the U.S. Citizenship & Immigration Service ("USCIS") the I-526 petition to classify you as an alien entrepreneur.
- (2) The preparation and filing of immigrant visa processing (Packet 3 & 4) with the National Visa Center and U.S. Consulate. (Please note that no attorney will accompany you or your dependents at the interview for your immigrant visa application – for conditional status at the U.S. Consulate. This is not allowed by law.).
- (3) Attorney Fees

Your attorney's fee of \$15,000 is included in the initial \$55,000 USD Fee. This total is payable and due upon execution of this agreement.

An additional filing fee will be assessed when all of the submission forms are completed (presently the USCIS charges \$1,435 for this submission fee). This check will be written directly to the USCIS.

A Fee of \$750.00 will be required for each additional household member applying.

NO EXTRA FEE will be required for each response to any RFE (Request for Evidence) that the USCIS (United States Citizen and Immigration Service) may request.

Your I-829 Permanent Visa Application is NOT INCLUDED in this agreement. You will be charged an additional \$5,000 USD to complete this submission when applicable.



In addition, an alien who overstays the period of authorized stay can subject herself/himself to Section 222(g) of INA, which became effective on the date of enactment, September 30, 1996 and applies to any alien seeking admission on or after that date. Upon overstay of status, the alien's non-immigrant visa will be void.

You and your dependents must maintain legal status in the U.S. at all times. You understand that it is your responsibility to maintain legal status in the U.S. at all times.

(13) Change of Address

Please be advised that Section 265(a) of the INA requires that every alien who is within the U.S. must notify USCIS of each change of address, and provide their new address within 10 days of such change. Please check www.uscis.gov to download Form AR-11 and instructions.

(14) Return of Documents

Upon the completion of this case, it is your responsibility to request for the return of the documents from our office and notify our office in writing of any situation that might affect the alien's legal status. USREDA and the specific attorney assigned to your case keep a "Digital Reference Copy" of documents relating to your case. We will make these available to you at anytime via written notice of your desire to receive them.

It is your responsibility to be aware of any expiration date for the legal status of the alien and each dependent, and send us a request in writing for any further representation in any other immigration matter. In the event that we do not hear from you 40 months from the date of this letter, you have authorized us to dispose the file without further notice to you.

Summation and Agreement:

If this Legal Service Agreement reflects our understanding, kindly sign and return the SIGNED ORIGINAL to us at your earliest convenience.

I HAVE FULLY READ AND UNDERSTAND THIS AGREEMENT AND ACCEPT IT IN ITS ENTIRETY.

Date: _____

Signature: _____

Print Name: _____



THE PALM HOUSE
A Luxury Condominium Hotel and Spa on Palm Beach

ACCREDITED INVESTOR IMMIGRATION QUESTIONNAIRE INVESTOR ELIGIBILITY QUESTIONNAIRE

This questionnaire is NOT an offer to sell or a sale of securities. Each prospective investor must complete this questionnaire and return it by e-mail, standard mail, or fax to Palm House Hotel, LLLP ("Company"). The Company will use the responses to this questionnaire to qualify prospective investors for purposes of federal and state securities law.

The prospective investor will be given access to information upon determination of suitable investor eligibility based upon the facts disclosed in this questionnaire and any other facts about the prospective investor known by the Company.

All questions must be answered. If the answer to any question below is "none" or "not applicable", then please indicate such a response in the applicable field.

The Signer of this document ("Signer") agrees that the Company may present this questionnaire to such parties as the Company deems appropriate to establish the availability of exemptions from registration under federal and state securities laws or to otherwise comply with governmental or regulatory authorities. The Signer represents that the information furnished in this questionnaire is true and correct of their own knowledge, and acknowledges that the Company and its counsel are relying on the truth and accuracy of such information to comply with federal and state securities laws. The Signer agrees to notify the Company promptly of any changes in the foregoing information that may occur prior to the investment.

(Signature)

(Print or Type Name)

(Date)



PALM HOUSE, LLLP
197 SOUTH FEDERAL HIGHWAY
SUITE 200
BOCA RATON, FL 33432

Palm House, LLP - Investor Questionnaire

Name _____
(Exact, full legal name of the individual buying the securities)

Current Residence Address _____

Home Telephone _____

E-mail Address _____

Date of Birth _____

Place of Birth (city, state, country) _____

Country of Citizenship _____

2. BUSINESS INFORMATION

Occupation _____

Number of Years _____

Present Employer _____

Position/Title _____

Business Address _____

Business Telephone _____

Business Facsimile _____

3. INVESTOR ELIGIBILITY

Please answer ALL the questions on the following page.



CHECK THE APPROPRIATE BOX

(ALL QUESTIONS MUST BE ANSWERED)

X YES
□ NO

☐ YES
☐ NO

☐ YES
☐ NO

☐ YES
☐ NO

(If YES, please complete lines to the right.)



1. I certify that I am not a "U.S. Person" as defined in Rule 902 of Regulation S under the Securities Act of 1933, as amended (the "Act"), and agree to resell the securities of the Company received in connection herewith only in accordance with the provisions of Regulation S, pursuant to registration under the Act or pursuant to an available exemption from registration, and agree not to engage in hedging transactions with regard to the securities unless in compliance with the Act.

2A. I am an "accredited investor" as defined in Rule 501(a) of Regulation D under the Act because I have a net worth (or joint net worth with my spouse) in excess of USD \$1,000,000. For purposes of this question, "net worth" means the excess of total assets over total liabilities.

2B. I am an "accredited investor" as defined in Rule 501(a) of Regulation D under the Act because I have had individual income in excess of USD \$200,000 (excluding my spouse) in each of the two most recent years (or joint income with my spouse in excess of USD \$300,000 in each of those years), and have a reasonable expectation of reaching the same income level in the current year.

3A. I have the capacity to evaluate the merits and risks of the prospective investment and to otherwise protect my own interests in connection with the prospective investment by reason of my own business and/or financial experience. If I answered "YES" to this question, I support my reply with the following education and/or business and/or financial experience: *(Please provide as much detail as possible)*

(Add additional pages as necessary)

☐ YES
☐ NO

(If YES, please complete lines to the right.)

3B. I have hired a professional advisor, and by reason of the business and/or financial experience of such professional advisor, I have the capacity to evaluate the merits and risks of the prospective investment and to otherwise protect my own interests in connection with the prospective investment. I understand that the professional advisor will be required to fill out and certify a questionnaire. My professional advisor is:

Name: _____

Occupation: _____

Firm: _____

Contact Info: _____

4. I am purchasing the securities offered for my own account and for investment purposes only. If answered "NO" to this question, the following is the person for whose account I am purchasing the offered securities and/or the reason for investing: (Please provide as much detail as possible)

☐ YES
☐ NO

(If no, please complete lines to the right)

5. I have a pre-existing personal or business relationship with the Company or any of its officers, directors, or controlling persons. If I answered "YES" to this question, I explain my reply with the following description of my affiliation with that person or those persons: (Please provide as much detail as possible)

☐ YES
☐ NO

(If YES, please complete lines to the right.)



IMPORTANT NOTICE CONCERNING U.S. IMMIGRATION

Your U.S. immigration application could be denied for reasons such as health conditions, criminal offenses and national security. This is not a comprehensive listing of the possible grounds of ineligibility. You should consult your attorney to determine your eligibility.

Please answer the following questions for purposes of our initial assessment of eligibility:

Part A

A.1. Have you been arrested, charged, convicted, fined or imprisoned for violating any law (excluding traffic violations)?

Yes ☐ No ☐

A.2. Have you been a member of, or in any way affiliated with, the Communist Party?

Yes ☐ No ☐

A.3. Have you been a member of, or in any way affiliated with, a terrorist organization?

Yes ☐ No ☐

A.4. Have you, by willful misrepresentation of a material fact, ever applied for or obtained a visa, an immigration benefit, or entry in to the United States?

Yes ☐ No ☐

A.5. Have you been deported or removed from the United States?

Yes ☐ No ☐

A.6. Have you been in the past, or are you presently, in the United States without lawful immigration status or worked without employment authorization?

Yes ☐ No ☐

A.7. Health grounds: Do you have a communicable disease of public health significance; or a physical or mental disorder that is a threat to the safety of others; or are you a drug abuser?

Yes ☐ No ☐

A.8. Have you received public assistance in the United States, or are you likely to receive public assistance in the future?

Yes ☐ No ☐



If you answered "yes" to any of the questions above, you may be ineligible to immigrate to the United States. You should consult with an attorney expert in U.S. immigration law.

A.9 Will your spouse or any of your children be included in your EB-5 visa application?

Yes ☐ No ☐

If yes, how many total family members will be applying (including yourself)? _____

Name of spouse: _____
(LAST) (FIRST) (MIDDLE)

Place of Birth: _____
(CITY) (STATE) (COUNTRY)

Date of Birth: ____/____/____ Country of Citizenship: ____
(MONTH/DAY/YEAR)

Child #1: _____
(LAST) (FIRST) (MIDDLE)

Place of Birth: _____
(CITY) (STATE) (COUNTRY)

Date of Birth: ____/____/____ Country of Citizenship: ____
(MONTH/DAY/YEAR)

Child #2: _____
(LAST) (FIRST) (MIDDLE)

Place of Birth: _____
(CITY) (STATE) (COUNTRY)

Date of Birth: ____/____/____ Country of Citizenship: ____
(MONTH/DAY/YEAR)

Child #3: _____
(LAST) (FIRST) (MIDDLE)

Place of Birth: _____
(CITY) (STATE) (COUNTRY)

Date of Birth: ____/____/____ Country of Citizenship: ____
(MONTH/DAY/YEAR)



Upon submission of your immigration application we may will require some additional follow-up contact information and green card information in order to comply with USCIS requirements. This information will also be used to maintain contact with the limited partners regarding their investment.

Part B

B.1. Are you able to provide documentation that traces your investment from your account to the account of the U.S. investment enterprise?

Yes ☐ No ☐

B.2. Are you able to provide documentation that explains how you accumulated the funds used to make the investment?

Yes ☐ No ☐

B.3. Are your investment funds from a lawful source?

Yes ☐ No ☐

B.4. Do you have the capacity to participate in the U.S. investment enterprise as a limited partner?

Yes ☐ No ☐

If you answered "no" to any of the questions in Part B above, you will not be eligible for U.S. immigration based on investment.

EXHIBIT C

NOTE: Please include a photocopy of your Passport along with this questionnaire.

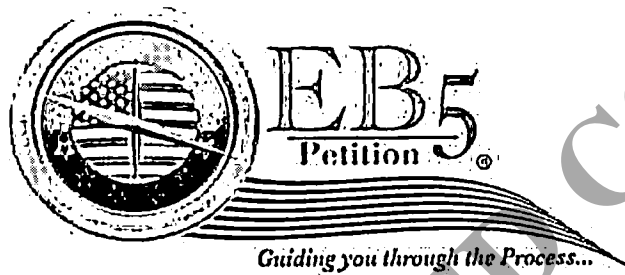
INDIVIDUAL(S) SIGN HERE:

Subscriber: _____

(Signature)

Date: _____





IMMIGRATION APPLICATION CHECKLIST





IMPORTANT: All non-English documents must have a complete copy of notarized English translation
所有非英语文件必须有公证的完整英文翻译

基本必需文件：

Application fee for Homeland Security - \$1,500 USD bank draft
美国国家安全局的申请费; \$1500 美金银行汇票
Remittance of \$500,000 USD to escrow account
证明\$500,000 美金汇入托管账户的汇款单
I-526 form signed
已签名的 I-526 表格
G-28 form signed
已签名的 G-28 表格
I-829 form signed
已签名的 I-829 表格
W-8BEN form signed
已签名的 W-8BEN 表格
Operating Agreement of program signed
已签名的项目运营协议
Subscription Agreement signed
已签名的认购协议
Subscription to Escrow Agreement signed
已签名的托管账户认购协议
Investor Eligibility Questionnaire signed (must be “accredited investor”) 已签名的投资者资格调查问卷 (必须是合格的投资者)
Original of Non-Disclosure and Non-Circumvention agreement signed
已签名的保密和反欺诈协议
Lawyer Agency Agreement signed
已签名的律师代理协议
Notarized English translations of all documents submitted
已公证的所有提交文件的英文翻译件



EB-5 FOREIGN INVESTMENT IMMIGRATION APPLICATION CHECKLIST
EB-5 外国企业家投资移民 (I-526 投资移民申请) 申请材料准备清单

IDENTIFICATION DOCUMENTS:

身份证明资料:

Received Missing Problem

已收到 待补 有疑问

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Copy of passports of PA and family member(s) (all pages)

申请人及其家庭成员的护照复印件 (所有页)

Notarized birth certificates of PA and family member(s)

已公证的申请人及其家庭成员的出生证明

If applying with spouse, Notarized Marriage Certificate

如需申请配偶, 已公证的结婚证明

Resident ID cards of PA and family member(s)

申请人及其家庭成员的身份证复印件

Copy of PA and family's Household Register

申请人及其家庭成员的户口簿复印件

Notarized criminal background check of PA and any family member(s) over the age of 16 years old.

已公证的申请人及其 16 岁以上家庭成员无犯罪纪律的证明



EB-5 FOREIGN INVESTMENT IMMIGRATION APPLICATION CHECKLIST
EB-5 外国企业家投资移民 (I-526 投资移民申请) 申请材料准备清单

SOURCE OF FUNDS:

资金来源的证明资料:

Received Missing Problem

已收到 待补 有疑问

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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Provide narrative on source of funds and path of \$500,000 USD investment, as detailed below

关于用来投资的\$500,000 美金的来源及路径概要

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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Resume of applicant

申请人的简历

If Through Employment Income:

如果资金的来源是工资收入:

Received Missing Problem

已收到 待补 有疑问

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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Proof of income used to make investment (resume is not enough)

用来投资的工资收入证明 (仅仅有简历是不够的)

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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- Pay stubs - 工资表

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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- Income tax returns - 个税缴税证明

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
--------------------------	--------------------------	--------------------------

- Work income certificate from employer - 公司出具的收入证明

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
--------------------------	--------------------------	--------------------------

- Board minutes or company statement re: salary / bonuses paid to PA

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
--------------------------	--------------------------	--------------------------

工资/奖金发给申请人的董事会会议记录或者公司证明

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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- Company Info: business license, registration, permits, taxes paid, audits, PA ownership percentage

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
--------------------------	--------------------------	--------------------------

- 公司资料: 营业执照、税务登记证、经营许可证、缴税证、审计报告、申请人所占的股份证明

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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Bank statements showing PATH of funds earned above

所有上述相关收入的银行交易记录



EB-5 FOREIGN INVESTMENT IMMIGRATION APPLICATION CHECKLIST
EB-5 外国企业家投资移民 (I-526 投资移民申请) 申请材料准备清单

If Through Real Estate Sale, Mortgage, or Lease:

如果资金的来源是房地产的出售，抵押或者租赁：

Received Missing Problem

已收到 待补 有疑问

<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
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Proof of income used to purchase the Real Estate

购买房产的资金证明

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
--------------------------	--------------------------	--------------------------

Proof of Real Estate purchase (amount and date of purchase)

房产的购买证明 (购买的时间和金额)

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
--------------------------	--------------------------	--------------------------

Deeds, mortgage, appraisals, tax payments, etc. showing purchase/ownership

房产证、贷款证、房产评估报告、缴税证明等等，证明房屋的购买/产权的文件

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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If sale, proof of Real Estate sale (amount of date of sale)

如果资金的来源是房产出售，需要房产出售的证明 (出售的金额以及时间)

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
--------------------------	--------------------------	--------------------------

If mortgage/loan based on Real Estate owned, provide mortgage documents

如果资金的来源是房产抵押，需要相关的贷款文件

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
--------------------------	--------------------------	--------------------------

If rental property, lease agreement showing amount of rent received

如果资金的来源是房产租赁，需要租约证明租金的金额

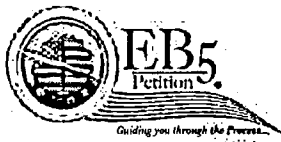
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
--------------------------	--------------------------	--------------------------

Bank statements showing PATH of funds used to purchase house & receipt from sale/mortgage

所有上述资金的银行交易记录 (如银行对账单，显示购买/出售/贷款的金额)

Client ID No. 客户 ID 号码: _____

Rev. Date 02/27/12 I-526 Document Checklist (I-526 文件清单)



EB-5 FOREIGN INVESTMENT IMMIGRATION APPLICATION CHECKLIST
EB-5 外国企业家投资移民 (I-526 投资移民申请) 申请材料准备清单

If Through Other Investment Income:

如果资金的来源是投资回报:

Received Missing Problem

已收到 待补 有疑问

<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Proof of income used to purchase investment assets

用来购买投资产品的资金证明

Proof of asset(s) purchased (amount and date of purchase)

购买投资产品的证明 (购买的金额以及时间)

Deeds, stock certificates, statements, etc. showing

purchase/ownership

认购书, 股票证明书等等, 证明投资产品的购买和所有权

If sale, proof of asset(s) sale (amount and date of sale)

如果资金的来源是投资产品的出售, 需要出售的相关文件 (出售的金额和时间)

If loan based on asset(s) owned, provide loan documents

如果资金的来源是投资产品的抵押, 需要抵押贷款的相关文件

Bank statements showing PATH of funds used to purchase asset(s) &

receipt from sale/loan

所有上述资金的银行交易记录 (如银行对账单, 显示购买/出售/抵押贷款的金额)



EB-5 FOREIGN INVESTMENT IMMIGRATION APPLICATION CHECKLIST
EB-5 外国企业家投资移民 (I-526 投资移民申请) 申请材料准备清单

If Through Loan:
如果资金的来源是贷款:

Received Missing Problem
 已收到 待补 有疑问

☐ ☐ ☒

Loan agreement contract, or statement of person or company providing loan

☐ ☐ ☐

贷款合同、借款人陈述、或者公司提供的贷款声明

If from person, legal source of funds of the person providing the loan (see sections above)

如果贷款是由个人提供的, 需要借款人提供资金合法来源证明 (可以参考上述资料)

☐ ☐ ☐

If from company, legal source of capital invested into the company by PA (see sections above)

如果贷款是由公司提供的, 需要申请人提供公司注册资本的来源证明 (可以参考上述资料)

☐ ☐ ☐
☐ ☐ ☐

- Board minutes or company statement re: Loan provided to PA

- 董事会会议记录或者公司声明: 证明提供贷款给申请人

- Company Info: business license, registration, permits, taxes paid, audits, PA Ownership

- 公司资料: 营业执照、税务登记证、经营许可证、缴税证明、审计报告、申请人所占的股份证明

☐ ☐ ☐

Bank statements showing PATH of funds received

所有上述资金的银行交易记录



EB-5 FOREIGN INVESTMENT IMMIGRATION APPLICATION CHECKLIST
EB-5 外国企业家投资移民 (I-526 投资移民申请) 申请材料准备清单

If Through Gift:
如果资金的来源是赠与:

Received Missing Problem

已收到 待补 有疑问

☐ ☐ ☐

Statement of person(s) providing gift
 赠与人的陈述证明

☐ ☐ ☐

Legal source of funds of person(s) providing the gift (see sections above) 赠与人资金的合法来源证明 (可参考上述资料)

☐ ☐ ☐

If gift is Real Estate, provide documentation of transfer of ownership to PA

☐ ☐ ☐

如果赠与的是房产, 需要相关产权转让的证明文件

☐ ☐ ☐

Bank statements showing PATH of funds received
 所有上述资金的银行交易记录

If Through Inheritance, Lawsuit, Other Sources:
如果资金的来源是遗产, 诉讼, 或者其他途径:

Received Missing Problem

已收到 待补 有疑问

☐ ☐ ☒

If through inheritance, documentation of will or court order
 如果资金来源是遗产, 需要提供遗嘱或者法庭颁令

☐ ☐ ☐

If through lawsuit or divorce proceedings, copy of court order
 如果资金来源是诉讼或者离婚后财产, 需要提供法庭颁令

☐ ☐ ☐

If through other, proof of lawful source
 如果资金来源是其他途径, 需要提供相关的合法来源证明

☐ ☐ ☐

Bank statements showing PATH of funds received
 所有上述资金的银行交易记录



EB-5 FOREIGN INVESTMENT IMMIGRATION APPLICATION CHECKLIST
EB-5 外国企业家投资移民 (I-526 投资移民申请) 申请材料准备清单

PATH OF FUNDS:

资金路径的证明文件:

Received Missing Problem

已收到 待补 有疑问

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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Wire Transfer / bank statements showing remittance of \$500,000 USD to escrow account

电汇单/银行对账单证明\$500,000 美金汇入托管账户

Path of Funds for all sources above:

上述所有资金的资金路径:

Received Missing Problem

已收到 待补 有疑问

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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Path of funds from money earned to bank account used to make \$500,000 USD investment

申请人获得的用来投资的\$500,000 美元的银行交易记录

Path of Funds for Currency Exchange / Capital Exchange:

货币/外币资金转换声明:

Received Missing Problem

已收到 待补 有疑问

<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
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Declaration of third party members with list of names, personal ID numbers, and signatures

声明中需列出所有第三方人员的姓名, 身份证号码, 以及所有人员的签名

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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Bank statements documenting transfer of funds from PA's account to third party accounts

申请人将资金转给第三方人员的银行文件

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
--------------------------	--------------------------	--------------------------

Personal remittance vouchers from each friend or relative back to PA's account

每位朋友或亲戚将换得的外币转回给申请人的银行存折交易明细

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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Copy of deposit slips totaling \$500,000 USD into PA's individual account

申请人的个人账户显示收到\$500,000 美金存款单的复印件



EB-5 FOREIGN INVESTMENT IMMIGRATION APPLICATION CHECKLIST
EB-5 外国企业家投资移民 (I-526 投资移民申请) 申请材料准备清单

OTHER DOCUMENTS:

其他:

Received Missing Problem

已收到 待补 有疑问

<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
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If business name changes, documentation of name changes and prior names

如果公司的名字有变更过, 需要提供曾用名和名字变更的证明文件

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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If adopted children, notice of adoption

如果孩子是收养的, 需要提供收养的证明文件

Form **W-8BEN**
(Rev. February 2006)

Department of the Treasury
Internal Revenue Service

Certificate of Foreign Status of Beneficial Owner for United States Tax Withholding

► Section references are to the Internal Revenue Code. ► See separate instructions.
► Give this form to the withholding agent or payer. Do not send to the IRS.

OMB No. 1545-1621

Do not use this form for:

- A U.S. citizen or other U.S. person, including a resident alien individual W-9
- A person claiming that income is effectively connected with the conduct of a trade or business in the United States W-8ECI
- A foreign partnership, a foreign simple trust, or a foreign grantor trust (see instructions for exceptions) W-8ECI or W-8IMY
- A foreign government, international organization, foreign central bank of issue, foreign tax-exempt organization, foreign private foundation, or government of a U.S. possession that received effectively connected income or that is claiming the applicability of section(s) 115(2), 501(c), 892, 895, or 1443(b) (see instructions) W-8ECI or W-8EXP

Note: These entities should use Form W-8BEN if they are claiming treaty benefits or are providing the form only to claim they are a foreign person exempt from backup withholding.

- A person acting as an intermediary W-8IMY

Note: See instructions for additional exceptions.

Instead, use Form:

Part I Identification of Beneficial Owner (See instructions.)

1 Name of individual or organization that is the beneficial owner	2 Country of incorporation or organization															
3 Type of beneficial owner: <table style="width: 100%;"><tr><td><input type="checkbox"/> Individual</td><td><input type="checkbox"/> Corporation</td><td><input type="checkbox"/> Disregarded entity</td><td><input type="checkbox"/> Partnership</td><td><input type="checkbox"/> Simple trust</td></tr><tr><td><input type="checkbox"/> Grantor trust</td><td><input type="checkbox"/> Complex trust</td><td><input type="checkbox"/> Estate</td><td><input type="checkbox"/> Government</td><td><input type="checkbox"/> International organization</td></tr><tr><td><input type="checkbox"/> Central bank of issue</td><td><input type="checkbox"/> Tax-exempt organization</td><td><input type="checkbox"/> Private foundation</td><td colspan="2"></td></tr></table>		<input type="checkbox"/> Individual	<input type="checkbox"/> Corporation	<input type="checkbox"/> Disregarded entity	<input type="checkbox"/> Partnership	<input type="checkbox"/> Simple trust	<input type="checkbox"/> Grantor trust	<input type="checkbox"/> Complex trust	<input type="checkbox"/> Estate	<input type="checkbox"/> Government	<input type="checkbox"/> International organization	<input type="checkbox"/> Central bank of issue	<input type="checkbox"/> Tax-exempt organization	<input type="checkbox"/> Private foundation		
<input type="checkbox"/> Individual	<input type="checkbox"/> Corporation	<input type="checkbox"/> Disregarded entity	<input type="checkbox"/> Partnership	<input type="checkbox"/> Simple trust												
<input type="checkbox"/> Grantor trust	<input type="checkbox"/> Complex trust	<input type="checkbox"/> Estate	<input type="checkbox"/> Government	<input type="checkbox"/> International organization												
<input type="checkbox"/> Central bank of issue	<input type="checkbox"/> Tax-exempt organization	<input type="checkbox"/> Private foundation														
4 Permanent residence address (street, apt. or suite no., or rural route). Do not use a P.O. box or in-care-of address. City or town, state or province. Include postal code where appropriate. Country (do not abbreviate)																
5 Mailing address (if different from above) City or town, state or province. Include postal code where appropriate. Country (do not abbreviate)																
6 U.S. taxpayer identification number, if required (see instructions) <div style="text-align: center;"><input type="checkbox"/> SSN or ITIN <input type="checkbox"/> EIN</div>	7 Foreign tax identifying number, if any (optional)															
8 Reference number(s) (see instructions)																

Part II Claim of Tax Treaty Benefits (if applicable)

- 9** I certify that (check all that apply):
- a ☐ The beneficial owner is a resident of _____ within the meaning of the income tax treaty between the United States and that country.
 - b ☐ If required, the U.S. taxpayer identification number is stated on line 6 (see instructions).
 - c ☐ The beneficial owner is not an individual, derives the item (or items) of income for which the treaty benefits are claimed, and, if applicable, meets the requirements of the treaty provision dealing with limitation on benefits (see instructions).
 - d ☐ The beneficial owner is not an individual, is claiming treaty benefits for dividends received from a foreign corporation or interest from a U.S. trade or business of a foreign corporation, and meets qualified resident status (see instructions).
 - e ☐ The beneficial owner is related to the person obligated to pay the income within the meaning of section 267(b) or 707(b), and will file Form 8833 if the amount subject to withholding received during a calendar year exceeds, in the aggregate, \$500,000.
- 10** Special rates and conditions (if applicable—see instructions): The beneficial owner is claiming the provisions of Article _____ of the treaty identified on line 9a above to claim a _____ % rate of withholding on (specify type of income): _____
Explain the reasons the beneficial owner meets the terms of the treaty article: _____

Part III Notional Principal Contracts

- 11** ☐ I have provided or will provide a statement that identifies those notional principal contracts from which the income is **not** effectively connected with the conduct of a trade or business in the United States. I agree to update this statement as required.

Part IV Certification

Under penalties of perjury, I declare that I have examined the information on this form and to the best of my knowledge and belief it is true, correct, and complete. I further certify under penalties of perjury that:

1 I am the beneficial owner (or am authorized to sign for the beneficial owner) of all the income to which this form relates.

2 The beneficial owner is not a U.S. person.

3 The income to which this form relates is (a) not effectively connected with the conduct of a trade or business in the United States, (b) effectively connected but is not subject to tax under an income tax treaty, or (c) the partner's share of a partnership's effectively connected income, and

4 For broker transactions or barter exchanges, the beneficial owner is an exempt foreign person as defined in the instructions.

Furthermore, I authorize this form to be provided to any withholding agent that has control, receipt, or custody of the income of which I am the beneficial owner or any withholding agent that can disburse or make payments of the income of which I am the beneficial owner.

Sign Here



Signature of beneficial owner (or individual authorized to sign for beneficial owner)

Date (MM-DD-YYYY)

Capacity in which acting

For Paperwork Reduction Act Notice, see separate instructions.

Cat. No. 25047Z

Form **W-8BEN** (Rev. 2-2006)



Printed on Recycled Paper



**Notice of Entry or Appearance
as Attorney or Accredited Representative**
Department of Homeland Security

DHS
Form G-28
OMB No. 1615-0105
Expires 02/29/2016

Part 1. Information About Attorney or Accredited Representative

Name and Address of Attorney or Accredited Representative

- 1.a. Family Name (Last Name)
- 1.b. Given Name (First Name)
- 1.c. Middle Name
2. Name of Law Firm or Recognized Organization
3. Name of Law Student or Law Graduate
4. State Bar Number
- 5.a. Street Number
- 5.b. Street Name
- 5.c. Apt. ☐ Ste. ☐ Flr. ☐
- 5.d. City or Town
- 5.e. State 5.f. Zip Code
- 5.g. Postal Code
- 5.h. Province
- 5.i. Country
6. Daytime Phone Number () -
7. E-Mail Address of Attorney or Accredited Representative

Part 2. Eligibility Information For Attorney or Accredited Representative

(Check applicable item(s) below)

1. ☐ I am an attorney eligible to practice law in, and a member in good standing of, the bar of the highest court(s) of the following State(s), possession(s), territory(ies), commonwealth(s), or the District of Columbia.
- 1.a.
- 1.b. I (choose one) ☐ am not ☐ am subject to any order of any court or administrative agency disbarring, suspending, enjoining, restraining, or otherwise restricting me in the practice of law. (If you are subject to any order(s), explain fully in the space below.)
- 1.b.1.
2. ☐ I am an accredited representative of the following qualified nonprofit religious, charitable, social service, or similar organization established in the United States, so recognized by the Department of Justice, Board of Immigration Appeals pursuant to 8 CFR 292.2. Provide the name of the organization and the expiration date of accreditation.
- 2.a. Name of Recognized Organization
- 2.b. Date Accreditation expires (mm/dd/yyyy) ▶
3. ☐ I am associated with
- 3.a.
- the attorney or accredited representative of record who previously filed Form G-28 in this case, and my appearance as an attorney or accredited representative is at his or her request. If you check this item, also complete **number 1 (1.a. - 1.b.1.) or number 2 (2.a. - 2.b.) in Part 2 (whichever is appropriate).**
4. ☐ I am a law student or law graduate working under the direct supervision of the attorney or accredited representative of record on this form in accordance with the requirements in 8 CFR 292.1(a)(2)(iv).

Part 3. Notice of Appearance as Attorney or Accredited Representative

This appearance relates to immigration matters before (select one):

1. ☐ USCIS - List the form number(s)
1.a.
2. ☐ ICE - List the specific matter in which appearance is entered
2.a.
3. ☐ CBP - List the specific matter in which appearance is entered
3.a.

I hereby enter my appearance as attorney or accredited representative at the request of:

4. Select only one: ☐ Applicant ☐ Petitioner
☐ Respondent (ICE, CBP)

Name of Applicant, Petitioner, or Respondent

- 5.a. Family Name (Last Name)
- 5.b. Given Name (First Name)
- 5.c. Middle Name
- 5.d. Name of Company or Organization, if applicable

NOTE: Provide the mailing address of Petitioner, Applicant, or Respondent and not the address of the attorney or accredited representative, **except when a safe mailing address is permitted** on an application or petition filed with Form G-28.

- 6.a. Street Number and Name
- 6.b. Apt. ☐ Ste. ☐ Flr. ☐
- 6.c. City or Town
- 6.d. State 6.e. Zip Code

7. Provide A-Number and/or Receipt Number

Pursuant to the Privacy Act of 1974 and DHS policy, I hereby consent to the disclosure to the named Attorney or Accredited Representative of any record pertaining to me that appears in any system of records of USCIS, ICE, or CBP.

- 8.a. Signature of Applicant, Petitioner, or Respondent

- 8.b. Date (mm/dd/yyyy) ►

Part 4: Signature of Attorney or Accredited Representative

I have read and understand the regulations and conditions contained in 8 CFR 103.2 and 292 governing appearances and representation before the Department of Homeland Security. I declare under penalty of perjury under the laws of the United States that the information I have provided on this form is true and correct.

1. Signature of Attorney or Accredited Representative

2. Signature of Law Student or Law Graduate

3. Date (mm/dd/yyyy) ►

Part 5. Additional Information

1.
-
-
-
-
-
-
-
-
-

Do Not Write in This Block - For USCIS Use Only (Except G-28 Block Below)

Classification 	Action Block	Fee Receipt
Priority Date 		To be completed by Attorney or Representative, if any <input type="checkbox"/> G-28 is attached Attorney's State License No. _____
Remarks:		

START HERE - Type or print in black ink.

Part 1. Information About You

Family Name	Given Name	Middle Name
In care of Street Number and Name:		
Address:		Apt. Number
City	State or Province	Country
Date of Birth (mm/dd/yyyy)		Country of Birth
Social Security # (if any)		A # (if any)
If you are in the United States, provide the following information:		Date of Arrival (mm/dd/yyyy)
Current Nonimmigrant Status		I-94 #
Date Current Status Expires (mm/dd/yyyy)		Daytime Phone # with Area Code

Part 2. Application Type (Check one)

- a. ☒ This petition is based on an investment in a commercial enterprise in a targeted employment area for which the required amount of capital invested has been adjusted downward.
- b. This petition is based on an investment in a commercial enterprise in an area for which the required amount of capital invested has been adjusted upward.
- c. This petition is based on an investment in a commercial enterprise that is not in either a targeted area or in an upward adjustment area.

Part 3. Information About Your Investment

Name of commercial enterprise in which funds are invested (Required Field - Do Not Leave Blank)	
Street Address	
Phone # with Area Code	Business organized as (corporation, partnership, etc.)
Kind of business (e.g. furniture manufacturer)	Date established (mm/dd/yyyy)
IRS Tax #	

RECEIVED: _____ RESUBMITTED: _____ RELOCATED: SENT _____ REC'D _____



Part 3. Information About Your Investment (Continued)

Date of your initial investment (mm/dd/yyyy)		Amount of your initial investment \$	
Your total capital investment in the enterprise to date \$		Percentage of the enterprise you own	

If you are not the sole investor in the new commercial enterprise, list on separate paper the names of all other parties (natural and non-natural) who hold a percentage share of ownership of the new enterprise and indicate whether any of these parties is seeking classification as an alien entrepreneur. Include the name, percentage of ownership, and whether or not the person is seeking classification under section 203(b)(5). NOTE: A "natural" party would be an individual person, and a "non-natural" party would be an entity such as a corporation, consortium, investment group, partnership, etc.

If you indicated in Part 2 that the enterprise is in a targeted employment area or in an upward adjustment area, name the county and State:	County		State	
---	--------	--	-------	--

Part 4. Additional Information About the Enterprise**Type of Enterprise (check one):**

- ☒ New commercial enterprise resulting from the creation of a new business.
☐ New commercial enterprise resulting from the purchase of an existing business.
☐ New commercial enterprise resulting from a capital investment in an existing business.

Composition of the Petitioner's Investment:

Total amount in U.S. bank account	\$	
Total value of all assets purchased for use in the enterprise.....	\$	
Total value of all property transferred from abroad to the new enterprise.....	\$	
Total of all debt financing.....	\$	
Total stock purchases.....	\$	
Other (explain on separate paper).....	\$	
Total	\$	

Income:

When you made the investment.....	Gross	\$		Net	\$	
Now.....	Gross	\$		Net	\$	

Net worth:

When you made investment.....	Gross	\$		Now	\$	
-------------------------------	-------	----	--	-----	----	--



Part 5. Employment Creation Information**Number of full-time employees in the enterprise in U.S.** (excluding you, your spouse, sons, and daughters)When you made your initial investment? Now Difference How many of these new jobs were created by your investment? How many additional new jobs will be created by your additional investment?

What is your position, office, or title with the new commercial enterprise?

Briefly describe your duties, activities, and responsibilities.

What is your salary? \$ What is the cost of your benefits? \$ **Part 6. Processing Information****Check One:**

- ☐ The person named in **Part 1** is now in the United States, and an application to adjust status to permanent resident will be filed if this petition is approved.
- ☐ If the petition is approved and the person named in **Part 1** wishes to apply for an immigrant visa abroad, complete the following for that person:

Country of nationality: Country of current residence or, if now in the United States, last permanent residence abroad: If you provided a United States address in **Part 1**, print the person's foreign address:

If the person's native alphabet is other than Roman letters, write the foreign address in the native alphabet:

Are you in deportation or removal proceedings? Yes (Explain on separate paper) ☐ No ☐Have you ever worked in the United States without permission? Yes (Explain on separate paper) ☐ No ☐**Part 7. Signature** *Read the information on penalties in the instructions before completing this section.*

I certify, under penalty of perjury under the laws of the United States of America, that this petition and the evidence submitted with it is all true and correct. I authorize the release of any information from my records that U.S. Citizenship and Immigration Services needs to determine eligibility for the benefit I am seeking.

Signature Date

NOTE: If you do not completely fill out this form or fail to submit the required documents listed in the instructions, you may not be found eligible for the immigration benefit you are seeking and this petition may be denied.

Part 8. Signature of Person Preparing Form, If Other Than Above (Sign below)

I declare that I prepared this application at the request of the above person, and it is based on all information of which I have knowledge.

Signature Print Your Name Date Firm Name Daytime phone #
with area code Address 

Department of Homeland Security
U.S. Citizenship and Immigration Services

**I-829, Petition by Entrepreneur
to Remove Conditions**

Do not write in this block - For USCIS use only (Except G-28 Block Below)

☐ Applicant Interviewed

Action Block

Fee Receipt

To be completed by Attorney or Representative, if any

☐ G-28 is attached

Attorney's State License No. _____

Remarks: _____

START HERE - Type or print in black ink.

Part 1. Information About You

A # (if any) _____ Form I-526 Receipt Number _____

Family Name _____ Given Name _____ Middle Name _____

Address: _____

In care of _____

Number and Street _____ Apt. # _____

City _____ State or Province _____

Country _____ Zip/Postal Code _____ Daytime Phone # _____

Date of Birth (mm/dd/yyyy) _____ Country of Birth _____ U.S. Social Security # (if any) _____

Since becoming a conditional permanent resident, have you ever been arrested, cited, charged, indicted, convicted, fined, or imprisoned for breaking or violating any law or ordinance (excluding traffic regulations), or committed any crime for which you were not arrested?

☐ Yes ☐ No (If yes, explain on separate sheet(s) of paper, including disposition, if any.)

Part 2. Basis for Petition (Check one)

- a. ☐ My conditional permanent residence is based on an investment in a commercial enterprise.
- b. ☐ Reserved.
- c. ☐ Reserved.
- d. ☐ I am a conditional permanent resident spouse or child of an entrepreneur, and I am unable to be included in a Petition by Entrepreneur to Remove Conditions (Form I-829) filed by my conditional resident spouse or parent.
- e. ☐ I am a conditional permanent resident spouse or child of an entrepreneur who is deceased.

Part 3. Information About Your Husband or Wife

Family Name _____ Given Name _____ Middle Name _____

Gender ☐ Male ☐ Female Date of Birth (mm/dd/yyyy) _____ Date of Marriage (mm/dd/yyyy) _____

Other names used (including maiden name or aliases) _____

A# (If any) _____ Current Immigration Status _____ Is your current immigration status based on the petitioner's current status? ☐ Yes ☐ No

RECEIVED: _____ RESUBMITTED: _____ RELOCATED: SENT _____ REC'D _____



Part 4. Children (List all your children. Attach another sheet(s) of paper, if necessary.)

Family Name		Given Name		Middle Name	
A# (if any)		Current Immigration Status		Date of Birth (mm/dd/yyyy)	
				Living with you?	<input type="checkbox"/> Yes <input type="checkbox"/> No
Family Name		Given Name		Middle Name	
A# (if any)		Current Immigration Status		Date of Birth (mm/dd/yyyy)	
				Living with you?	<input type="checkbox"/> Yes <input type="checkbox"/> No
Family Name		Given Name		Middle Name	
A# (if any)		Current Immigration Status		Date of Birth (mm/dd/yyyy)	
				Living with you?	<input type="checkbox"/> Yes <input type="checkbox"/> No
Family Name		Given Name		Middle Name	
A# (if any)		Current Immigration Status		Date of Birth (mm/dd/yyyy)	
				Living with you?	<input type="checkbox"/> Yes <input type="checkbox"/> No
Family Name		Given Name		Middle Name	
A# (if any)		Current Immigration Status		Date of Birth (mm/dd/yyyy)	
				Living with you?	<input type="checkbox"/> Yes <input type="checkbox"/> No

Part 5. Information About Your Commercial Enterprise

Type of Enterprise (Check one):

- ☐ New commercial enterprise resulting from the creation of a new business.
- ☐ New commercial enterprise resulting from the reorganization of an existing business.
- ☐ New commercial enterprise resulting from a capital investment in an existing business.

Kind of Business (Be as specific as possible):			
Date Business Established (mm/dd/yyyy)		Amount of Initial Investment	
Date of Initial Investment (mm/dd/yyyy)		% of Enterprise You Own	
Number of full-time employees in enterprise in United States (excluding you, your spouse, sons, and daughters):			
At the time of your initial investment:		Presently:	
Difference:			
How many of these new jobs were created by your investment?			



Part 5. Information About Your Commercial Enterprise (continued)**Subsequent Investment in the Enterprise:**

Date of Investment	Amount of Investment	Type of Investment
<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>

Provide the gross and net incomes generated annually by the commercial enterprise since your initial investment. Include all income generated up to date during the present year.

Year	Gross Income	Net Income
<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>

Has your commercial enterprise filed for bankruptcy, ceased business operations, or have any changes in its business organization or ownership occurred since the date of your initial investment? ☐ Yes (Explain on separate sheet) ☐ No

Has your commercial enterprise sold any corporate assets, shares, property, or had any capital withdrawn since the date of your initial investment? ☐ Yes (Explain on separate sheet) ☐ No

Part 6. Signature (Read the information on penalties in the instructions before completing this section.)

I certify, under penalty of perjury under the laws of the United States of America, that this petition and the evidence submitted with it is all true and correct. I further certify that the investment was made in accordance with the laws of the United States and was not for the purpose of evading United States immigration laws. I also authorize the release of any information from my records that the U.S. Citizenship and Immigration Services needs to determine eligibility for the benefit being sought.

Signature of Applicant	Print Name	Date
<input type="text"/>	<input type="text"/>	<input type="text"/>

NOTE: If you do not completely fill out this form or fail to submit any required documents listed in the instructions, you may not be found eligible for the requested benefit and this petition may be denied.

Part 7. Signature of Person Preparing Form, If Other Than Above

I declare that I prepared this petition at the request of the above person and it is based on all information of which I have knowledge.

Signature	Print Name	Date
<input type="text"/>	<input type="text"/>	<input type="text"/>

Firm Name and Address (Include Telephone Number with Area Code and E-Mail Address.)





UNITED STATES REGIONAL ECONOMIC DEVELOPMENT AUTHORITY

USREDA / SARC Service Agreement

THIS SERVICE AGREEMENT (the "Agreement") is made and entered into as of this ____ day of _____, 20____ by and between USREDA, LLC, d/b/a EB5 Petition ("EB5 Petition"), a Delaware company with principal place of business in Palm Beach County, Florida, and _____ ("Client"), a _____, with the purpose of providing legal immigration services as it applies to the United States EB-5 Visa program.

This Service Agreement pertains to the _____ Project (the "Project"), under the South Atlantic Regional Center ("Regional Center"), a USCIS-approved regional center.

WHEREAS, EB5 Petition was formed to enable individuals to become eligible for admission to the United States of America under the EB-5, fifth employment-based visa preference program (8 U.S.C. 1153(b)(5)), and seeks to offer services with regards to all aspects of the EB-5 program.

NOW THEREFORE, in consideration of the mutual covenants contained herein, and intending to be legally bound, the parties hereto agree as follows:

1. Definitions:

EB5 Petition: EB5 Petition or its affiliated entity USREDA, LLC, and all agents and employees thereof.

I-526: The USCIS application for conditional permanent residency in the United States.

I-485: The USCIS application form to "Adjust Status" from non-immigrant visa to permanent residence for aliens lawfully present in the United States and otherwise eligible for adjustment.

DS-230: The U.S. Department of State application package for determining an applicant's "admissibility" to the United States for aliens unable to adjust status.

I-829: The USCIS application form for removal of conditional residency status and transition into permanent residency status.



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I-131: The USCIS application for travel document used to apply for a reentry permit into the U.S., refugee travel document, or advance parole travel document.

INVESTOR: An individual that qualifies (along with their immediate family) for the EB-5 Immigration Program offered by the USCIS.

USCIS: United States Citizenship and Immigration Services.

CLIENT: A person that contracts EB5 Petition for services rendered in the legal consulting or processing of EB-5 documents, which will include individual EB-5 Investors, Brokers, and Consultants.

2. SPIRIT OF THE AGREEMENT: It is the intent of EB5 Petition to provide legal consulting and processing service specialized in the EB-5 Visa Program. Services offered will include the collection of required immigration documentation from the Client and Investor for USCIS applications, and the comprehensive completion of an I-526 application and a corresponding I-485 or DS-230 application for the Investor under the Regional Center. EB5 Petition will collect the information and documentation required by the USCIS (these documents include the Business Plan, Economic Analysis, PPM, Limited Partnership Agreement, Loan Documents, Escrow Agreement, and Subscription Agreement, along with personal information, financial information, and source and path of funds documentation for the Investor). EB5 Petition will help prepare the Investor for Consular Interview.

The I-829 and other documents that may be necessary for completion of the Investor's application and permanent status will be billed separately. Client may choose these services at the time of application. Please see APPENDIX B for details.

EB5 Petition reserves the right to accept or reject the client at the time of the submission to our offices. We will review the documentation provided and determine the viability of the Investor Petition. EB5 Petition will have 30 days to review the documents.

3. COMMITMENT OF EB5 PETITION: During the term of this Contract, EB5 Petition agrees to perform following services:

- a. Gather information required for USCIS applications
- b. Prepare the complete I-526 application of the Investor for submission to the USCIS
- c. Prepare the complete I-485 or DS-230 application of the Investor for submission to the appropriate agency (after I-526 approval).



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EB5 Petition guarantees completion of all the required materials and documents within 45 days of the receipt of the documents from the Client. EB5 Petition will provide detailed information regarding any RFEs ("Request For Evidence") that may be forthcoming from the USCIS regarding the submission. In the event of such a request, it will be the Client's responsibility to provide EB5 Petition the required information requested. EB5 Petition's staff will send the request to the Client in an expeditious manner. Since the RFE requests have specific time limits for a response, it is essential that all parties handle these requests in a timely manner. EB5 Petition will make every effort to inform and indicate the manner of information that may be requested. Often these requests are related to project specific attributes and source of funds requirements. EB5 Petition will provide guidance throughout the process. Failure to provide timely response or the information requested by the USCIS will void the EB5 Petition Guarantee.

4. FEE STRUCTURE: The fee for an I-526 and I-485/DS-230 application is indicated in APPENDIX B. This fee will be a "Money Back Guaranteed" performance-based charge, returnable only if a denial of the I-526 is issued by USCIS with no "cure."

Fees are to be paid via Check or Wire Transfer (see APPENDIX A). EB5 Petition fees do not include USCIS or NVC filing fees.

I-526 GUARANTEE: EB5 Petition guarantees the approval of any I-526 application it completes. If any such I-526 application is denied without possible cure, then EB5 Petition will return any service fees charged.

This guarantee does not apply in the case of fraud on the part of the Client or Investor, or if the Client or Investor furnishes EB5 Petition with false, misleading, or incomplete information.

This guarantee covers the approval of the I-526, and any I-485 or DS-230 applications. It does NOT cover the approval of any I-829 application.

5. TERM: The term of this partnership shall remain in effect until work is completed and the applicant is accepted or denied by the USCIS.

6. EXPENSES: EB5 Petition agrees to be responsible for reasonable out-of-pocket expenses related to performing services on behalf of the Client. Such expenses typically might include, but are not limited to: phone calls, postage, shipping, messengers, travel, meals and lodging. All items that EB5 Petition expects to be reimbursed for will be preapproved by the Client before the expense is paid. EB5 Petition fully expects to incur **NO** expenses. However, if any unexpected expenses arise, the Client will be under no obligation to repay those expenses unless agreed to by both parties before the expense occurs.



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7. INFORMATION: The Client acknowledges that EB5 Petition will rely on information furnished by the Client concerning the Client's personal information, background information, and source of funds without independent certification and the Client represents that such information will be materially complete and correct.

8. CONFIDENTIALITY: Except in the course of the performance of its duties hereunder, EB5 Petition agrees that it shall not disclose any trade secrets, know-how, or other proprietary information not in the public domain, learned as a result of this Agreement unless and until such information becomes generally known, unless EB5 Petition comes under direct subpoena to disclose this information to a court.

All documents will be considered confidential in nature. Only EB5 Petition's trained staff will handle the documents. Client may provide EB5 Petition a list of other personnel and interested parties that will have the right to access to the documents. This will be provided in the form of a facsimile release or email release.

All filings remain the property of Client and are provided in digital PDF format for Client's review.

Our systems provide the Client with complete digital files of all submissions, USCIS responses and RFEs (if any). During the course of the contract, Client may request files via either email (registered by case number and access code) or by mail or facsimile.

9. SCOPE OF ENGAGEMENT: EB5 Petition and its agents and employees will advise only as to U.S. immigration matters necessary to the filing of your I-526, I-485, DS-230, and I-829 petitions. EB5 Petition has not and will not advise on:

- Which regional center or project to invest in. Such a determination should be made by the Investor, with the assistance of other qualified counsel, before engaging EB5 Petition.
- The security of your investment, timing of return of your investment, or any tax or financial aspects of your investment.
- The accuracy of the business plan, economic analysis, private placement memorandum, or other project documents, or any attachments thereto.
- Foreign country currency laws and restrictions.
- Immigration matters arising prior to the I-526 petition, such as non-immigrant visas, unlawful presence, inadmissibility, and immigration strategy generally.
- Immigration matters arising outside the limited scope of engagement, such as naturalization, removal defense, or criminal matters.



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USREDA / SARC Service Agreement

By signing this Agreement, you agree that you have been advised to seek independent advice on these matters from a financial advisor, business advisor, business or securities lawyer, accountant, or immigration lawyer for matters outside the limited scope of representation.

Once the USCIS or NVC petitions contracted for (I-526, I-485 if applicable, DS-230 if applicable, and optional I-829 if specified in APPENDIX B) are adjudicated (approved or denied without cure), services under this Agreement will terminate.

10. JOINT REPRESENTATION AND CONFLICTS OF INTEREST: EB5 Petition will represent you to the best of our ability with respect to processing your immigration matter. However, EB5 Petition is also called upon to represent the interests of the Regional Center in connection with your EB-5 petition, as well as other investors involved in the same project. By asking us to process your EB-5 petition, you agree that you intend a joint representation of you, other investors, and the Regional Center, where appropriate.

We believe that the interests of all parties involved are sufficiently aligned to undertake joint representation. However, because of this joint representation, there is potential for conflicts of interest to arise. We can only undertake this representation upon your certifying, by signing this Agreement, that you are aware of these potential conflicts of interest and, if applicable, you knowingly waive them. You should not ask us to represent you if you are aware at the outset of the matter that any of your interests are inconsistent with those of the Regional Center or any other investor in a project under that Regional Center, and you must let us know if you come to believe that any potential conflicts develop after our representation begins. If significant conflicts develop, we may have to stop representing you or some of our clients in a particular matter, with the result that you or some of our clients may need to hire new counsel at that time.

In connection with your decision to utilize EB5 Petition to process your immigrant petition, you should be aware of the following:

- Attorney-Client privilege only extends to members of the legal staff and the protection thus afforded does not extend to communications you may receive from the Regional Center.
- In the event of a dispute between joint clients, the attorney-client privilege will not protect against the disclosure to all joint clients of information shared during the joint representation.
- The legal staff receives compensation for services paid directly by EB5 Petition.
- Issues of timing for purposes of petition filing between joint investors will be resolved on a first-come, first served basis.



UNITED STATES REGIONAL ECONOMIC DEVELOPMENT AUTHORITY

USREDA / SARC Service Agreement

11. ASSIGNMENT: This Agreement shall not be assignable by either party.

12. GOVERNANCE: This contract will be governed by the laws of the State of Florida (Palm Beach County), USA.

Dated: 10/09/2013 _____

Dated: _____

A handwritten signature in black ink, appearing to read "Joseph Walsh", is written over a horizontal line.

EB5 Petitioner

CLIENT

Joseph Walsh

Printed Name / Position

Printed Name / Position



UNITED STATES REGIONAL ECONOMIC DEVELOPMENT AUTHORITY

USREDA / SARC Service Agreement

APPENDIX A

WIRE INSTRUCTIONS

This is the wire instruction for South Atlantic Regional Center.

The amount due is:

USD \$15,000 (I-526 only)

or

USD \$20,000 (I-526 and I-829)

Beneficiary:

South Atlantic Regional Center, LLC
197 S. Federal Highway, Suite 200
Boca Raton, FL 33432 USA

The wire instructions are as follows:

Bank Name: **PNC Bank**

Bank Address: 9875 Jog Road, Boynton Beach, FL 33437 USA

Bank Phone Number: (877) 287-2654

Bank ABA Number: [REDACTED]

SWIFT Code: **PNCCUS33**

Bank Account Number: [REDACTED]

(checking account)



UNITED STATES REGIONAL ECONOMIC DEVELOPMENT AUTHORITY

USREDA / SARC Service Agreement

APPENDIX B

Compensation: EB5 Petition shall be required to perform the specified services at the agreed price of fifteen thousand USD (\$15,000) for completion of all documents required for a USCIS I-526 application and an I-485 or DS-230 application, excluding USCIS or NVC filing fees, for the Investor named herein.

Fees are due and payable before EB5 Petition will begin the work product.

Optional I-829 Application: The services described above only include the I-526 and I-485 or DS-230 applications. At your election, EB5 Petition can also gather information for, process, and file an I-829 application for the Investor covered hereunder. The additional fee for this service is currently five thousand USD (\$5,000), plus USCIS filing fees. Should you wish to elect to add I-829 processing at this time, please sign below:

SIGNATURE

DATE

NOT A CERTIFIED COPY

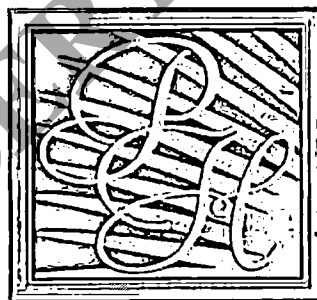
EXHIBIT “15”

NOT A CERTIFIED COPY



Palm House Hotel, LLLP

Private Placement Memorandum



NOTE TO PROSPECTIVE SUBSCRIBERS

By accepting this document you agree to maintain in confidence the information set forth in this document, together with any other non-public information regarding the Partnership, obtained from the Partnership or its agents, during the course of the proposed offering and to return this document to the Partnership in the event that you do not elect to participate in the offering.

Private Placement Memorandum

This document serves as a record of my receipt of the Private Placement Memorandum dated 12/02/2012, for Palm House Hotel, LLLP, a Florida Limited Liability Limited Partnership (the "Partnership"). I received a copy of the Private Placement Memorandum, containing an investment summary, business summary, accredited investor questionnaire and subscription agreement.

I understand that this offering has not been registered with the Florida division of securities, the U.S. Securities and Exchange Commission ("SEC") or any other foreign securities agency and is not required to be so registered.

I agree to maintain in confidence the information set forth in this document, together with any other non-public information regarding the Partnership, obtained from the Partnership or its agents, during the course of the proposed offering and to return this document to the Partnership in the event that I do not elect to participate in the offering.

Investor Name

Investor Signature

Date

Private Placement Memorandum Summary**FOR PALM HOUSE HOTEL, LLLP****\$39,500,000.00**

Securities Offered:	79 Limited Partnership Units
Unit Price:	\$500,000.00
Offering:	\$39,500,000.00
Administrative Fee:	\$40,000.00

The Partnership is offering (the "Offering") to sell limited partner units in the Partnership ("Units") to Investors for \$39,500,000. The Minimum Investment is \$500,000. The administrative fee is \$40,000.

Neither the Florida division of securities or the U.S. Securities and Exchange Commission, nor any other regulatory body, whether U.S. or foreign, has approved or disapproved these Units or passed upon the accuracy or adequacy of this Memorandum. Any representation to the contrary is a criminal offense.

This Memorandum does not constitute an offer or solicitation of Units in any jurisdiction in which such offer or solicitation is not authorized. No action has been taken to permit the distribution of this Memorandum in any jurisdiction other than countries determined by the General Partner. Accordingly, this Memorandum may not be used for the purpose of, and does not constitute, an offer or solicitation by anyone in any jurisdiction or in any circumstances in which such offer or solicitation is not authorized or to any person to whom it is unlawful to make such offer or solicitation.

Neither the delivery of this Memorandum nor the placing, allotment, or issue, of any Units shall under any circumstances create any implication or constitute any representation that the information given in this Information Memorandum is correct as of any time subsequent to the date hereof. This Memorandum provides a summary of information relevant to investing in the Partnership.

THESE ARE SPECULATIVE UNITS WHICH INVOLVE A HIGH DEGREE OF RISK. ONLY THOSE INVESTORS WHO CAN BEAR THE LOSS OF THEIR ENTIRE INVESTMENT SHOULD INVEST IN THESE UNITS.

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ATTACHMENTS

Business Plan
Economic Analysis
Limited Partnership Agreement
Loan Documents
Investor Questionnaire and Subscription Agreement
Escrow Agreement
Operations & Marketing Plan

Palm House Hotel, LLLP

Limited Partner Units ("Units")

THIS PRIVATE PLACEMENT MEMORANDUM (THIS "MEMORANDUM") IS PROVIDED ON A CONFIDENTIAL BASIS SOLELY FOR THE INFORMATION OF THE RECIPIENT NAMED ABOVE SO THAT SUCH RECIPIENT MAY CONSIDER AN INVESTMENT IN THE UNITS OF THE PARTNERSHIP. IT IS NOT INTENDED FOR USE BY ANY OTHER PERSON.

THIS MEMORANDUM MAY NOT BE REPRODUCED OR PROVIDED TO OTHERS WITHOUT THE PRIOR WRITTEN PERMISSION OF THE GENERAL PARTNER OF THE PARTNERSHIP. BY ACCEPTING DELIVERY OF THIS MEMORANDUM, EACH PROSPECTIVE INVESTOR AGREES TO KEEP CONFIDENTIAL ALL OF THE INFORMATION CONTAINED IN THIS MEMORANDUM THAT IS NOT ALREADY IN THE PUBLIC DOMAIN AND TO USE THIS MEMORANDUM SOLELY FOR PURPOSES OF EVALUATING A POSSIBLE INVESTMENT IN THE PARTNERSHIP. NO PROSPECTIVE INVESTOR MAY DISCUSS THE CONTENTS OF THE MEMORANDUM WITH ANY PERSON OTHER THAN ITS PROFESSIONAL ADVISERS.

THIS MEMORANDUM DOES NOT PURPORT TO BE ALL-INCLUSIVE OR TO CONTAIN ALL THE INFORMATION THAT A PROSPECTIVE INVESTOR MAY DESIRE IN EVALUATING THE PARTNERSHIP. PROSPECTIVE INVESTORS SHOULD NOT CONSTRUE THE CONTENTS OF THIS MEMORANDUM AS LEGAL, TAX, INVESTMENT OR OTHER ADVICE. EACH INVESTOR SHOULD MAKE ITS OWN INQUIRIES AND CONSULT ITS OWN ADVISERS AS TO THE PARTNERSHIP AND THIS OFFERING AND AS TO LEGAL, TAX AND RELATED MATTERS CONCERNING THIS INVESTMENT. THE PARTNERSHIP, THE GENERAL PARTNER OR ANY OF THEIR RESPECTIVE AFFILIATES IS NOT MAKING ANY REPRESENTATION OR WARRANTY REGARDING THE LEGALITY OF AN INVESTMENT IN THE UNITS BY ANY INVESTOR OR ABOUT THE INCOME OR OTHER TAX CONSEQUENCES OF SUCH AN INVESTMENT.

IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE ENTITY CREATING THE UNITS OFFERED AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS OF AN INVESTMENT IN THE UNITS. THE UNITS OFFERED HEREBY HAVE NOT BEEN RECOMMENDED BY THE U.S. SECURITIES AND EXCHANGE COMMISSION, ANY STATE SECURITIES COMMISSION OR ANY OTHER SECURITIES COMMISSION OR REGULATORY AUTHORITY OF ANY JURISDICTION IN ANY COUNTRY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THE UNITS OFFERED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR SECURITIES AUTHORITY IN OTHER JURISDICTION AND ARE BEING OFFERED AND SOLD IN RELIANCE ON EXEMPTIONS FROM THE REGISTRATION REQUIREMENTS OF THE ACT AND SUCH LAWS. THE UNITS OFFERED HEREBY ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE ACT, PURSUANT TO REGISTRATION THEREUNDER OR EXEMPTION THEREFROM, AND AS PERMITTED UNDER OTHER APPLICABLE SECURITIES LAWS. THE TRANSFERABILITY OF UNITS IS FURTHER RESTRICTED UNDER THE PARTNERSHIP'S PARTNERSHIP AGREEMENT (AS MAY BE AMENDED, MODIFIED, SUPPLEMENTED OR RESTATED FROM TIME TO TIME, THE "PARTNERSHIP AGREEMENT").

ADDITIONAL CONSIDERATIONS

AN INVESTOR GENERALLY WILL NOT BE PERMITTED TO RESIGN OR OTHERWISE WITHDRAW, IN WHOLE OR IN PART, FROM THE PARTNERSHIP. INVESTORS SHOULD BE AWARE THAT THEY WILL BE REQUIRED TO BEAR THE FINANCIAL RISKS OF AN INVESTMENT IN THE UNITS FOR AN EXTENDED PERIOD OF TIME.

INVESTMENT IN THE UNITS WILL INVOLVE RISKS DUE TO, AMONG OTHER THINGS, THE NATURE OF THE PARTNERSHIP'S INVESTMENTS AND BUSINESS ACTIVITIES. INVESTORS SHOULD HAVE THE FINANCIAL ABILITY, SOPHISTICATION AND WILLINGNESS TO ACCEPT THE RISKS AND LACK OF LIQUIDITY, WHICH ARE CHARACTERISTICS OF THE INVESTMENT DESCRIBED IN THIS MEMORANDUM.

CERTAIN INFORMATION CONTAINED IN THIS MEMORANDUM HAS BEEN OBTAINED BY THE GENERAL PARTNER FROM SOURCES DEEMED RELIABLE BY THE GENERAL PARTNER. HOWEVER, THE GENERAL PARTNER CANNOT GUARANTEE THE ACCURACY OF SUCH INFORMATION AND HAS NOT INDEPENDENTLY VERIFIED SUCH INFORMATION.

SUCH INFORMATION NECESSARILY INCORPORATES SIGNIFICANT ASSUMPTIONS AND ESTIMATES AS WELL AS FACTUAL MATTERS. THE GENERAL PARTNER WILL PROVIDE TO EACH PROSPECTIVE INVESTOR, OR SUCH PROSPECTIVE INVESTOR'S AGENT, DURING THIS OFFERING AND PRIOR TO THE SALE OF ANY UNITS OFFERED HEREBY TO SUCH PROSPECTIVE INVESTOR, THE OPPORTUNITY TO ASK QUESTIONS OF THE GENERAL PARTNER CONCERNING ANY ASPECT OF THE INVESTMENT AND TO OBTAIN ANY ADDITIONAL INFORMATION, TO THE EXTENT THE GENERAL PARTNER POSSESSES SUCH INFORMATION OR CAN ACQUIRE IT WITHOUT UNREASONABLE EFFORT OR EXPENSE.

CERTAIN STATEMENTS MADE THROUGHOUT THIS DOCUMENT THAT ARE NOT HISTORICAL FACTS MAY CONTAIN FORWARD-LOOKING STATEMENTS REGARDING THE PARTNERSHIP'S FUTURE PLANS, OBJECTIVES AND EXPECTED PERFORMANCE. SUCH FORWARD-LOOKING STATEMENTS INCLUDE STATEMENTS THAT USE FORWARD-LOOKING TERMINOLOGY SUCH AS "MAY", "WILL", "SHOULD", "EXPECT", "ANTICIPATE", "PROJECT", "ESTIMATE", "INTEND", "CONTINUE", OR "BELIEVE", OR THE NEGATIVES THEREOF, OR OTHER VARIATIONS THEREON, OR COMPARABLE TERMINOLOGY.

FORWARD-LOOKING STATEMENTS ARE BASED ON ASSUMPTIONS THAT THE GENERAL PARTNER BELIEVES ARE REASONABLE, BUT ARE SUBJECT TO A WIDE RANGE OF RISKS AND UNCERTAINTIES. ACTUAL RESULTS MAY DIFFER FROM THOSE EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS.

INFORMATION RESPECTING PRIOR PERFORMANCE OF OTHER INVESTMENTS IS NOT NECESSARILY INDICATIVE OF ACTUAL RESULTS TO BE OBTAINED BY THE PARTNERSHIP. NOTHING CONTAINED HEREIN IS, OR SHOULD BE RELIED ON AS, A PROMISE OR REPRESENTATION AS TO THE FUTURE PERFORMANCE OF THE PARTNERSHIP.

CONSIDERATION CONCLUSION

THIS MEMORANDUM IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO THE SUBSCRIPTION AGREEMENT RELATED THERETO, THE PARTNERSHIP AGREEMENT AND ALL OTHER RELEVANT AGREEMENTS (IF ANY) PERTAINING TO AN INVESTMENT IN, OR THE OPERATION OF, THE PARTNERSHIP, IN EACH CASE AS MAY BE AMENDED, MODIFIED, SUPPLEMENTED OR RESTATED FROM TIME TO TIME. COPIES OF SUCH DOCUMENTS WILL BE MADE AVAILABLE UPON REQUEST AND SHOULD BE REVIEWED PRIOR TO PURCHASING ANY UNIT. NO PERSON HAS BEEN AUTHORIZED IN CONNECTION WITH THIS OFFERING TO GIVE ANY INFORMATION OTHER THAN AS CONTAINED IN THIS MEMORANDUM. NO REPRESENTATIONS OR WARRANTIES ARE MADE AS TO THE ACCURACY OR COMPLETENESS OF THE INFORMATION CONTAINED HEREIN.

STATEMENTS IN THIS MEMORANDUM ARE MADE AS OF 12/02/2012, UNLESS STATED OTHERWISE. NEITHER THE DELIVERY OF THIS MEMORANDUM AT ANY TIME NOR ANY SALE HEREUNDER SHALL UNDER ANY CIRCUMSTANCES CREATE AN IMPLICATION THAT THE INFORMATION CONTAINED HEREIN IS CORRECT AS OF ANY OTHER TIME SUBSEQUENT TO SUCH DATE. THE GENERAL PARTNER AND ITS AFFILIATES RESERVE THE RIGHT TO MODIFY ANY OF THE TERMS OF THE OFFERING AND THE UNITS DESCRIBED HEREIN.

THE UNITS ARE OFFERED SUBJECT TO THE RIGHT OF THE GENERAL PARTNER TO REJECT ANY SUBSCRIPTION IN WHOLE OR IN PART. IF THE GENERAL PARTNER REJECTS A SUBSCRIPTION, THE PROSPECTIVE INVESTOR WILL BE NOTIFIED AS SOON AS PRACTICAL.

THIS MEMORANDUM DOES NOT CONSTITUTE AN OFFER OR SOLICITATION IN ANY COUNTRY, STATE OR OTHER JURISDICTION IN WHICH SUCH AN OFFER OR SOLICITATION IS UNLAWFUL.

ALL "\$" AND "DOLLAR" REFERENCES IN THIS MEMORANDUM ARE TO U.S. DOLLARS.

FOR MORE INFORMATION PLEASE CONTACT THE PARTNERSHIP:

Please direct all inquiries regarding the Partnership to:

Palm House Hotel, LLLP

197 S. Federal Highway, Suite 200
Boca Raton, FL 33432
Telephone: (561) 282-6102

Jurisdictional Notes

Prospective Investors are not to construe the contents of this document or any prior subsequent communications from the Offeror as legal or tax advice. Each Investor must rely on his own representative for legal, income tax and related matters concerning this investment.

This document is Confidential and contains proprietary information. It is intended for the exclusive use of the recipient.

PROJECTIONS MAY BE CONTAINED IN THIS MEMORANDUM AND ANY OTHER PROJECTIONS THAT DO NOT CONFORM TO THOSE IN THIS OFFERING DOCUMENT SHOULD BE DISREGARDED.

EVERY INVESTOR SHOULD BE AWARE THAT THE PARTNERSHIP HAS NO OBLIGATION, NOR DOES IT INTEND TO REPURCHASE THE UNITS FROM INVESTORS IN THE EVENT THAT, FOR ANY REASON, AN INVESTOR WISHES TO TERMINATE THE INVESTMENT.

FOREIGN (NON-USA) JURISDICTION

THESE UNITS HAVE NOT BEEN REGISTERED, FILED WITH, OR OTHERWISE APPROVED BY ANY FOREIGN (NON-USA) REGULATORY AGENCY. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

A non-US person or entity considering an investment in the Partnership should consult his/her or its own tax advisors with respect to the specific tax consequences to such person of such an investment under United States federal, state and local income tax laws, and with respect to the treatment of income and gain from such investment under the tax laws of any foreign jurisdiction in which such person or entity is subject to tax.

THIS CONFIDENTIAL OFFERING MEMORANDUM DOES NOT SET FORTH COMPLETE INFORMATION RELATING TO THE TAX EFFECTS OF AN INVESTMENT IN THE PARTNERSHIP. EACH PROSPECTIVE INVESTOR SHOULD CONSULT WITH ITS OWN COUNSEL, ACCOUNTANTS OR OTHER ADVISORS AS TO THE US FEDERAL (AS WELL AS STATE AND LOCAL) TAX CONSEQUENCES OF ITS INVESTMENT IN THE PARTNERSHIP, WHICH MAY DIFFER SUBSTANTIALLY FOR DIFFERENT TYPES OF TAXPAYERS (INDIVIDUALS, CORPORATIONS, ETC.) IN PARTICULAR, INVESTMENT IN THE PARTNERSHIP BY ENTITIES SUBJECT TO ERISA AND BY OTHER TAX-EXEMPT ENTITIES REQUIRES SPECIAL CONSIDERATION. TRUSTEES OR ADMINISTRATORS OF SUCH ENTITIES ARE URGED TO CAREFULLY REVIEW THE MATTERS DISCUSSED IN THIS MEMORANDUM.

NOTICE TO RESIDENTS OF ALL STATES

THE UNITS OFFERED HEREBY HAVE NOT BEEN REGISTERED UNDER THE ACT OR THE SECURITIES LAWS OF ANY STATE AND ARE BEING OFFERED AND SOLD IN RELIANCE ON EXEMPTIONS FROM THE REGISTRATION REQUIREMENTS OF THE ACT AND APPLICABLE STATE LAWS. THE UNITS ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE ACT AND APPLICABLE STATE LAWS PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM. THE UNITS HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SEC, ANY STATE SECURITIES COMMISSION OR OTHER REGULATORY AUTHORITY, NOR HAVE ANY OF THE FOREGOING AUTHORITIES PASSED UPON OR ENDORSED THE MERITS OF THIS OFFERING OR THE ACCURACY OR ADEQUACY OF THIS OFFERING MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

The Memorandum includes "forward-looking statements" within the meaning of Section 27A of the Act and Section 21E of the Securities Exchange Act of 1934 which represent our expectations or beliefs concerning future events that involve risks and uncertainties, including those associated with our ability to obtain financing for our current and future operations. All statements other than statements of historical facts included in the Memorandum including, without limitation, the statements under "Business" and elsewhere herein, including the Documents incorporated by reference, are forward-looking statements.

Although we believe that the expectations reflected in such forward-looking statements are reasonable, we cannot assure you that such expectations will prove to have been correct. Important factors that could cause actual results to differ materially from our expectations ("Cautionary Statements") are disclosed in the Memorandum, including without limitation, in connection with the forward-looking statements included in the Memorandum. All subsequent written and oral forward-looking statements attributable to us or persons acting on its behalf are expressly qualified in their entirety by the Cautionary Statements.

THE FORWARD LOOKING STATEMENTS INCLUDED HEREIN ARE ALSO BASED ON CERTAIN CURRENT BUDGETING CONSIDERATIONS AND OTHER ASSUMPTIONS RELATING TO THE PARTNERSHIP'S ABILITY TO OBTAIN RETURNS FOR ITS INVESTORS, SUCCESSFULLY MARKET ITS SERVICES, PROCURE SUFFICIENT CAPITAL TO EXPAND OPERATIONS AND MAINTAIN STRICT REGULATORY PROCEDURES WHILE CONDUCTING BUSINESS. ASSUMPTIONS RELATING TO THE PROCEEDING AND FOREGOING INFORMATION INVOLVE JUDGMENTS THAT ARE DIFFICULT TO PREDICT ACCURATELY AND ARE SUBJECT TO NUMEROUS FACTORS WHICH MAY MATERIALLY AFFECT THE PARTNERSHIP'S RESULTS.

BUDGETING, INVESTMENT AND OTHER MANAGERIAL DECISIONS ARE SUBJECTIVE AND ARE THUS SUSCEPTIBLE TO INTERPRETATIONS AND PERIODIC REVISIONS BASED ON ACTUAL EXPERIENCE AND BUSINESS DEVELOPMENTS, THE IMPACT OF WHICH MAY CAUSE THE PARTNERSHIP TO ALTER BUDGETS AND AMEND STRATEGIES, ANY OR ALL OF WHICH MAY MATERIALLY AFFECT THE PARTNERSHIP'S RESULTS.

THE FOREGOING CONSIDERATIONS, AS WELL AS A VARIETY OF OTHER FACTORS NOT SET FORTH HEREIN, COULD CAUSE THE PARTNERSHIP'S ACTUAL RESULTS AND EXPERIENCE TO DIFFER WIDELY OR MATERIALLY FROM THE ANTICIPATED RESULTS OR OTHER EXPECTATIONS IN THE PARTNERSHIP'S FORWARD LOOKING STATEMENTS.

Statement to EB5 Investors

- 1) The Project will be located in Florida, within one or more Targeted Employment Areas (TEAs). Therefore, pursuant to EB-5 guidelines, EB-5 Investors must invest a minimum amount of \$500,000.00.
- 2) The management and staffing projections for the Project show that the Project will create sufficient new direct and indirect jobs to support the number of investors sought. Please refer to the attached business plan and economic analysis for further information.
- 3) EB-5 guidelines require the investment to be at risk. Investors should consult their own counsel and/or independent advisor for recommendations about this investment.

IF YOU LIVE OUTSIDE THE UNITED STATES, IT IS YOUR RESPONSIBILITY TO FULLY OBSERVE THE LAWS OF ANY RELEVANT TERRITORY OR JURISDICTION OUTSIDE THE UNITED STATES CONNECTED WITH ANY PURCHASE OF UNITS, INCLUDING OBTAINING REQUIRED GOVERNMENTAL OR OTHER CONSENTS OR OBSERVING ANY OTHER REQUIRED LEGAL FORMALITIES IN RELATION TO THE PARTNERSHIP.

EB-5 VISA: CASE PROCESSING PROCEDURES

For applicants outside the United States:

- The applicant first makes a qualifying investment
- The applicant files a Form I-526 petition (and supporting documents) with USCIS.
- The U.S. Department of State's National Visa Center processes the EB-5 immigrant visa through the local U.S. consular post with jurisdiction over the place of residence.
- The applicant uses the EB-5 immigrant visa to enter the United States, which commences the two-year conditional lawful permanent resident status.
- Approximately 21 months later, the applicant must file a Form I-829 to remove the conditional status.
- The applicant must provide supporting documents to establish that they have satisfied all EB-5 qualifying conditions.
- Upon approval, a new ten-year unconditional green card is issued.

For applicants having lawful non-immigrant status within USA and staying in USA:

- The applicant first makes a qualifying investment
- The applicant files a Form I-526 petition (and supporting documents) with USCIS.
- On approval of Form I-526, the applicant files a Form I-485 (Application to Register Permanent Residence or Adjust Status).
- Upon approval of the Form I-485, the applicant is granted a conditional lawful permanent resident status, which is valid for two years.
- Approximately 21 months later, the applicant must file a Form I-829 to remove the conditional status.
- The applicant must provide supporting documents to establish that they have satisfied all EB-5 qualifying conditions.
- Upon approval, a new ten-year unconditional green card is issued.

PATRIOT ACT RIDER

EACH POTENTIAL INVESTOR HEREBY REPRESENTS AND WARRANTS THAT IT: (I) IS NOT, NOR IS IT ACTING AS AN AGENT, REPRESENTATIVE, INTERMEDIARY OR NOMINEE FOR, A PERSON IDENTIFIED ON THE LIST OF BLOCKED PERSONS MAINTAINED BY THE OFFICE OF FOREIGN ASSETS CONTROL, U.S. DEPARTMENT OF TREASURY; AND (II) HAS COMPLIED WITH ALL APPLICABLE U.S. LAWS, REGULATIONS, DIRECTIVES, AND EXECUTIVE ORDERS RELATING TO ANTI-MONEY LAUNDERING, INCLUDING BUT NOT LIMITED TO THE FOLLOWING LAWS: (1) THE UNITING AND STRENGTHENING AMERICA BY PROVIDING APPROPRIATE TOOLS REQUIRED TO INTERCEPT AND OBSTRUCT TERRORISM ACT OF 2001, PUBLIC LAW 107-56, AND (2) EXECUTIVE ORDER 13224 (BLOCKING PROPERTY AND PROHIBITING TRANSACTIONS WITH PERSONS WHO COMMIT, THREATEN TO COMMIT, OR SUPPORT TERRORISM) OF SEPTEMBER 23, 2001.

Summary of the Business

The Partnership offers its Investors projected returns with yearly distributions.

1. The General Partner of the Partnership is South Atlantic Regional Center, LLC ("General Partner"). The Managers of the General Partner have a successful history of commercial development, construction, retail, and management experience.
2. Timeline for acquisition of funding is anticipated for early 2013. Construction has commenced using bridge financing, and EB-5 funding is required to complete remodeling work on the facility.
3. The Partnership anticipates that the Project will be open for business by the end of 2014.
4. Anticipated project costs will be \$91,000,000. See "Use of Proceeds."
5. The Project shall provide substantial benefits to the regional economy that exceeds the strict USCIS requirements for job creation that will allow a foreign Investor to qualify for an EB-5 Immigration Visa.
6. The Offering provides the Investors with a projected annual dividend.

SUMMARY OF PARTNERSHIP AND HOTEL PROJECT

The Hotel Project will seek to accomplish the following:

1. The Partnership will loan funds to the Borrower, with such funds derived from either: (i) foreign Investors through the EB-5 program; or (ii) U.S. Investors. The Borrower will develop and build the Project (please review the Business Plan Summary herein for more details).
2. The Project will serve the greater Florida primary market area (Palm Beach County) by seeking to create jobs and increase U.S. exports by developing a high-end resort hotel.
3. A more detailed description of the Project is included in the full business plan.
4. The Partnership, through investment in the Project, offers the foreign and U.S. investor excellent projected returns with yearly cash distributions. The Investors shall collectively own 99% of the Partnership, and the General Partner shall own 1% of the Partnership.
5. The Partnership is projecting a five (5) year ROI based upon: a one-quarter of one percent (0.25%) preferred non-cumulative annual dividend. These ROI calculations show an annualized rate of return of 0.25%, with an overall ROI of 1.25%. Please review the Return on Investment section in the full business plan for details of the anticipated distributions.
6. Projected dividends and net profits will be distributed to the Investors not less frequently than annually.
7. As determined by the General Partner of the Partnership, in its sole discretion, between the end of the fifth year and seventh year of the operation of the Project, the Partnership will either: (i) market the Project for sale, and the pro rata share of the profits realized from the sale (if any) will

be distributed to the Partners of the Partnership (including the Investors up to the amount of their then-current investment); or (ii) the General Partner or Partnership may repurchase the interests of each EB-5 Investor for an amount equal to the net capital invested by each EB-5 Investor, if the General Partner has sufficient funds to do so.

8. Upon sale of all of the assets of the Partnership and/or liquidation of the Partnership, the net proceeds (after normal and customary costs of sale) shall be distributed as follows: (i) the Investors shall each receive a pro rata share of the net proceeds, up to a maximum of the net sums invested by each of them in the Partnership; (ii) to the extent there are excess proceeds, such proceeds shall be distributed to the General Partner.

THE OFFERING TERM SHEET

This summary of certain provisions of this Memorandum is intended only for convenient reference. It is not intended to be complete and is qualified in its entirety by the more detailed information contained elsewhere in this Memorandum and in the Exhibits hereto. The full text of this Memorandum, and the Exhibits, should be read in detail and understood by each potential Investor. The term "Investor" shall mean persons or entities receiving this Memorandum.

THE PARTNERSHIP:

The Partnership is a Florida Limited Liability Limited Partnership. Its principal office is located at: 197 S. Federal Highway, Suite 200, Boca Raton, FL 33432; Telephone: (561) 282-6102. The Partnership is offering for sale Units of limited partnership interests to Accredited Investors pursuant to the EB-5 Program.

SECURITIES:

Units of limited partnership interests in the Partnership shall be issued to Investors in this Offering, with one (1) Unit issued for each \$500,000 investment. The Offering hereunder is 79 Units.

THE GENERAL PARTNER:

South Atlantic Regional Center, LLC is the general partner of the Partnership. The initial Managers of the General Partner and summary background information regarding the Managers of the General Partner appears in the section entitled "Management Team."

The General Partner shall provide overall management and supervision of the Partnership.

BORROWER:

Palm House, LLC ("Borrower") is a Delaware limited liability company. Borrower seeks financing from the Partnership in order to operate a business involving the renovation and development of a high-end resort hotel. See "Use of Proceeds" below.

EB-5 REGIONAL CENTER SPONSORSHIP:

The Project is sponsored by South Atlantic Regional Center (SARC) (the "Regional Center"), a Florida limited liability company. The Regional Center has been approved by the U.S. Citizenship and Immigration Services ("USCIS") to serve as an approved regional center under the EB-5 Immigrant Investor Pilot Program to establish and solicit investment from foreign investors in U.S. businesses for the purposes of creating U.S. jobs.

COMPOSITION OF PARTNERSHIP:

The Partnership will be composed of: (i) the General Partner, which will own a 1% interest in the Partnership and (ii) Limited Partners, which will collectively own a 99% interest in the Partnership.

UNITS OFFERED:

One (1) Limited Partnership Unit (i.e. 1%) will be owned by affiliates of the individuals or Persons who are the Managers of the General Partner ("Promoter Limited Partnership Units"), and 79 Limited Partnership Units (i.e. 99%) (all rounded to the nearest one percent (1%)) will be offered to Investors.

The Partnership is offering for sale up to 79 Limited Partnership Units, for a total offering of \$39,500,000. Payment for Units of the Partnership must be paid in cash, upon subscription.

MINIMUM INVESTMENT:

\$500,000.00, for one (1) Unit.

USE OF PROCEEDS:

The Partnership will loan ("Loan") the proceeds of this Offering to the Borrower to partially finance the acquisition, development, and operation of the Project. The Partnership will make the Loan to Borrower on the terms set forth in the Loan Documents attached hereto. See Capital Requirements and Estimated Use of Proceeds and Summary of Loan Terms below.

TERMS OF THE OFFERING:

All subscription funds received from Investors will be paid to a special escrow account ("Escrow Account") maintained by a reputable bank ("Escrow Bank") under the control of the bank or another entity ("Escrow Agent") as defined in the Escrow Agreement. The Escrow Agent may invest the subscription funds in investment grade debt instruments of the United States government. All interest earned on the Escrow Account will be the property of the Partnership unless the Offering is unsuccessful, in which event each potential Investor will receive its pro rata share of the income earned, less administrative and other similar costs.

To maintain complete security in the payment process for the investor and the partnership, subscription funds will be wired into the Escrow Bank and held in Escrow under the terms set forth in the Escrow Agreement. Separately, the \$40,000 administration fee is also wired to the Escrow Bank. The Escrow Account will be released to the Partnership at such time as (a) the Investor's I-526 application is approved by the USCIS, or (b) as defined in the Escrow Agreement. In the event that a subscription is not accepted, the subscription funds paid by such potential Investor, together with interest earned thereon, if any, shall be promptly returned to the potential Investor.

TERM PERIOD:

The term of the existence of the Partnership will be as set forth in the Partnership Agreement.

DISTRIBUTIONS / DIVIDENDS:

The General Partner will determine, in its sole discretion, the amount, timing (not less than annually) and form of distributions by the Partnership, if any.

The Partnership may not make any distributions: (1) In

violation of the Partnership Agreement; (2) If after the distribution: (a) It would not be able to pay its debts as they become due in the ordinary course of its activities; or (b) Its total assets would be less than the sum of its total liabilities plus the amount that would be needed, if it was dissolved, wound up and terminated at the time of the distribution to satisfy the preferential rights upon dissolution, winding up and termination of partners whose preferential rights are superior to those of persons receiving the distribution.

The Partnership may base a determination that a distribution is not prohibited under subsection (2) on financial statements prepared on the basis of accounting practices and principles that are reasonable in the circumstances or on a fair valuation or other method that is reasonable in the circumstances.

Distributions of funds from operations of the Partnership shall be made in the following order of priority:

1. To the EB-5 Investors until the annual distributions to those Investors equals one-quarter of one percent (0.25%) of the capital invested by each EB-5 Investor ("EB-5 Preferred Return").
2. The balance to the General Partner.

It is the intention of the Partnership to refinance the project after the fifth year of operations. In such event, the Partnership and/or the General Partner or their designees may repurchase the interests of each EB-5 Investor for an amount equal to the net capital invested by each EB-5 Investor, if they have sufficient funds to do so.

The rules and regulations governing the EB-5 Pilot Program prohibit the return of an EB-5 Investor's investment prior to the approval of the Investor's I-829 petition. See "EB-5 Immigration Disclosures and Risk Factors" and "Risk Factors."

RESTRICTIONS ON RESALE:

The Investor(s) who purchase any Units pursuant to this Offering will be restricted from selling, transferring, pledging or otherwise disposing of any Units due to restrictions under securities laws and the Partnership Agreement.

HOW TO INVEST:

Each Investor must execute and deliver the Subscription Agreement attached hereto.

WHO MAY INVEST:

The Units of the Partnership are being offered pursuant to this Memorandum solely to persons who are "accredited investors" as defined in Regulation D promulgated under the Act. See the Accredited Investor Suitability Questionnaire attached hereto.

INVESTOR SUITABILITY:

This Offering will be made pursuant to exemptions from registration provided by Section 4(2) of the Act, Regulation D promulgated thereunder, and exemptions available under applicable state securities laws and regulations. Persons desiring to invest in the Partnership will be required to make certain representations and warranties regarding their financial condition in the Subscription Agreement attached hereto. Such representations include, but are not limited to, certification that the Investor is an accredited Investor under SEC regulations. The Partnership reserves the right to reject any Subscription in whole, or in part, in its sole discretion. See "Suitability Standards."

THE SUBSCRIPTION AGREEMENT INCLUDES CERTAIN REPRESENTATIONS AND WARRANTIES OF THE INVESTOR ON WHICH THE PARTNERSHIP WILL RELY IN DETERMINING WHETHER TO ACCEPT THE SUBSCRIPTION. PROSPECTIVE INVESTORS ARE URGED TO READ THE SUBSCRIPTION AGREEMENT CAREFULLY AND, TO THE EXTENT THEY DEEM APPROPRIATE, TO DISCUSS THE SUBSCRIPTION AGREEMENT, THIS MEMORANDUM AND THEIR PROPOSED INVESTMENT IN THE UNITS WITH THEIR LEGAL OR OTHER ADVISORS.

ADMINISTRATIVE FEES:

EB-5 participants will be required to pay a \$40,000 administrative fee. Any other administrative or other fees paid to any party in connection with the sale of Units pursuant to this Offering shall not be paid out of the proceeds of Capital Contributions of EB-5 participants. This administrative fee is in addition to any fees paid by Investors for the preparation of USCIS applications, forms, or paperwork.

RISK FACTORS:

The Units offered hereby involve a high degree of risk. See "Risk Factors" set forth in the Memorandum.

TAX RISKS:

Investment in the Partnership involves substantial tax risks. Although the primary motive of Investors should be for current income and/or long-term appreciation, state and federal legislatures and tax authorities may alter and change the permissible deductions that may be taken with respect to the Project and its income, and may change the tax rates to less favorable rates. In addition, the state and federal tax authorities may be more likely to audit taxpayers with higher incomes or partnership income or loss. Since Investors generally fall into this category, the Partnership also has an increased risk of being audited. Such an examination could result in adjustments to items that are related to the Partnership. Investors and/or the Partnership may incur legal or other professional expenses in connection with such audit or the adjustments resulting from such audit. The Partnership has not obtained a legal opinion or ruling from any tax authority regarding any tax aspects of the Project, the Partnership or its business. The

tax risks include, without limitation, the following: (i) Changes in federal income tax laws; (ii) Partnership status; (iii) Taxable income in excess of distributions; (iv) Allocation of tax items among Limited Partners; (v) Allocation of purchase price; (vi) Partnership termination; (vii) At risk limitations; (viii) Risk of audit; (ix) Profit objective; and (x) Limitations on passive losses. This tax discussion is not tax advice to investors. Each investor is advised to consult with his or her own tax advisor regarding the tax consequences of investing in the Partnership. See "Risk Factors" below.

RESIDENCY RISKS:

Neither the Partnership nor the General Partner guarantees that any EB-5 participant will be granted conditional or permanent residency in the United States as a result of their purchase of Units of the Partnership. Each investor must evaluate and accept the risk that he/she may not be granted residency in the United States after making their capital contribution and being admitted as a Limited Partner of the Partnership.

SUBSCRIPTIONS:

Investors who wish to subscribe for the Units may do so by executing the Subscription Agreement attached hereto and delivering the completed materials and payment for the Units to the Partnership. A subscription may not be considered for acceptance unless it is completely filled out and properly executed and is accompanied by payment in full for the Units which are being purchased. **Subscriptions accompanied by payment in the form of a personal check, if accepted, will be so accepted conditioned upon and subject to clearance of the check and the Units will not be delivered until the check clears.** Funds accompanying any subscription not accepted by the Partnership will be promptly returned to the investor without interest thereon or deduction therefrom.

AVAILABILITY OF FUNDS:

All proceeds from the sale of Units once the escrow conditions have been satisfied will be delivered directly to the Partnership and be available for use by the Partnership for Partnership purposes, at its discretion.

RESALE OF UNITS:

There is no market for the Units. It is not anticipated or intended that one will develop. This is a non-liquid investment. (See "Risk Factors" — there is no market for the Partnership's Units.) Further, there are substantial restrictions on private and/or public resale.

REPORTS TO LIMITED PARTNER:

The Partnership will furnish financial statements to Limited Partners annually.

Investor Suitability Standards

INVESTMENT IN THE UNITS OF Palm House Hotel, LLLP INVOLVES A HIGH DEGREE OF RISK AND IS SUITABLE ONLY FOR THOSE INVESTORS WHO HAVE SUBSTANTIAL FINANCIAL RESOURCES IN RELATION TO THEIR INVESTMENT AND WHO UNDERSTAND THE PARTICULAR RISK FACTORS OF THIS INVESTMENT. IN ADDITION, INVESTMENT IN THE UNITS IS SUITABLE ONLY FOR AN INVESTOR WHO DOES NOT NEED LIQUIDITY IN THE INVESTMENT AND IS WILLING TO ACCEPT RESTRICTIONS ON THE TRANSFER OF THE UNITS.

No Registration or Secondary Market

The Units have not been registered under the Act but are being offered and sold in reliance upon exemptions from registration contained in Sections 4(2) and 4(6) of the Act as interpreted by the Securities and Exchange Commission (the "Commission") and in Rule 506 of Regulation D promulgated thereunder ("Regulation D"). See "STATUS OF UNITS UNDER SECURITIES LAWS; RESTRICTED UNITS".

There will be no secondary market for the Units subsequent to this Offering. See "RISK FACTORS". For the foregoing and other reasons, a purchase of Units is suitable only for Investors of substantial net worth who (i) are willing to purchase a high risk investment, (ii) can afford to hold their Units for an indefinite period and do not anticipate that they will be required to sell their Units in the foreseeable future, and (iii) have sufficient net worth to sustain a total loss of their investment in the Partnership in the event that such loss should occur.

Investor Suitability

Subject to the right of the Partnership to sell Units to Accredited Investors, Units will be sold only to those Investors who submit an Offeree Questionnaire in the form attached hereto establishing to the satisfaction of the Partnership that:

1. The Investor is an "Accredited Investor," as defined as follows:
 - (i) a natural person who, either individually or jointly with his/or her spouse, has a minimum net worth of \$1,000,000 (net worth shall be determined exclusive of primary residence), or who had an individual income in excess of \$200,000 in each of the two most recent years or joint income with that person's spouse in excess of \$300,000 in each of those years and has a reasonable expectation of reaching the same income level in the current year.
 - (ii) any other Accredited Investor, as defined by Regulation D or the SEC.
2. The Accredited Investor has such knowledge and experience in financial and business matters that he/she/it is able to evaluate the merits and risks of an investment in the Units.
3. The Accredited Investor has the financial ability to bear the economic risk of an investment in the Units, adequate means of providing for his current needs and personal contingencies, and no need for liquidity in an investment in the Units.
4. The Accredited Investor is acquiring the Units for his own account for investment and not with a view to resale or distribution.

Investor Suitability (Regulation S)

The Company's Units will also only be offered to those investors who are not a "U.S. person" as defined by Rule 902(k) under Regulation S, which include:

- (i) Any natural person resident in the United States;
- (ii) Any partnership or corporation organized or incorporated under the laws of the United States;
- (iii) Any estate of which any executor or administrator is a U.S. person;
- (iv) Any trust of which any trustee is a U.S. person;
- (v) Any agency or branch of a foreign entity located in the United States;
- (vi) Any non-discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary for the benefit or account of a U.S. person;
- (vii) Any discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organized, incorporated, or (if an individual) resident in the United States; and
- (viii) Any partnership or corporation if:
 - (A) Organized or incorporated under the laws of any foreign jurisdiction; and
 - (B) Formed by a U.S. person principally for the purpose of investing in securities not registered under the Act, unless it is organized or incorporated, and owned, by accredited investors (as defined in Rule 501(a)) who are not natural persons, estates or trusts.

Please study the terms of the Subscription Agreement, this Memorandum and all related documents carefully before you decide to subscribe for Units.

The Partnership will review all subscription documents and will not accept subscriptions from any person or entity who does not represent that he/it complies with the applicable standards specified above.

PROSPECTIVE INVESTORS ARE NOT TO CONSTRUE THE CONTENTS OF THIS MEMORANDUM OR ANY OTHER COMMUNICATIONS FROM THE PARTNERSHIP OR ANY OF ITS MANAGERS, EMPLOYEES, ACCOUNTANTS OR LEGAL COUNSEL AS LEGAL OR TAX ADVICE. EACH INVESTOR SHOULD CONSULT HIS OR HER OWN COUNSEL AND ACCOUNTANT AS TO LEGAL AND TAX MATTERS AND RELATED MATTERS CONCERNING HIS OR HER INVESTMENT.

The Partnership reserves the right to reject the subscription of any prospective Investor at any time prior to acceptance and to refund, without interest thereon and without any deduction there from, any funds paid to the Partnership by such prospective Investor.

STATUS OF UNITS UNDER SECURITIES LAWS; RESTRICTED UNITS

Investors will have no right to require registration of the Units comprising their Units under the 1933 Act or any state securities laws, and such registration is neither contemplated nor likely. In addition, the Partnership will not make public such information as would permit an Investor to transfer his or her Units pursuant to the provisions of Rule 144 promulgated under the 1933 Act.

The Units are "restricted" as that term is defined in Rule 144 under the Act and, as a result, are subject to substantial restrictions upon transfer or resale. The Units may, absent registration, in the future be sold only in compliance with Rule 144 or other exemption from registration under the Act, the availability of which must be established to the satisfaction of the Partnership, unless the Units are covered by an effective registration statement under the Act.

Prospective Investors will be required to represent to the Partnership that they understand that:

- a) The Units have not been registered under the Act or under the securities laws of any state. They will not be able to sell or transfer any of the Units unless they are registered or sold pursuant to an exemption from registration under the Act and under applicable state securities laws, the availability of which exemptions may never occur and, if they do, are to be established to the satisfaction of the Partnership;
- b) Neither the Partnership nor any affiliate has made any representation concerning future registration of the Units, except for compliance with an exemption from registration;
- c) Since the Units cannot be readily sold, Investors must be prepared to bear the economic risk of the investment indefinitely;

Use of Proceeds

The net proceeds to be received by the Partnership from the sale of the Units offered hereby, after deducting the anticipated expenses of the Offering, are estimated to be \$39,500,000.00, assuming the maximum sale of the Units offered hereby, of which there can be no assurance.

The amounts actually expended for each purpose may vary significantly depending upon a number of factors. The Partnership reserves the right to reallocate the proceeds of this Offering in response to a variety of factors and related contingencies.

ESTIMATED USE OF NET PROCEEDS

Although the Partnership has broad discretion to adjust the application and allocation of the net proceeds of this Offering in order to address changed circumstances and opportunities, the Partnership intends to loan the proceeds of this Offering to Borrower for the uses described in this Offering Memorandum.

In order to achieve its objectives as described herein, the Borrower seeks financing to operate a business involving the renovation and development of a high-end resort hotel.

As further described in the Summary of Loan Terms below, Borrower is required to create 10 new full-time direct, indirect, and induced jobs for each \$500,000 advanced under the Loan within two and one half years of the First Advance.

Return on Investment

The Partnership has prepared the following projections based upon projected revenue and the return on investment which may be paid to an EB-5 Investor ("ROI").

For illustration purposes, the following table shows the ROI for an EB-5 Investor based upon a \$500,000.00 investment.

The ROI projections concerning the estimated operating results of the Partnership have been prepared by the management of the General Partner. These projections are based on certain assumptions which may, or may not, prove to be inaccurate and which are subject to future conditions that may be beyond the control of the Partnership, such as the general industry and market conditions. The Partnership may experience unanticipated costs or lower revenues than forecast. There is no assurance that the results which are illustrated in the ROI projections will, in fact, be realized by the Partnership.

ASSUMPTIONS	
Total Initial Investment	\$500,000.00
Annual Preferred Dividend to EB-5 Investor	0.25%
Equity of EB-5 Investor	1.25%

The Partnership is projecting a five (5) year ROI based upon: (i) a one-quarter of one percent (0.25%) preferred dividend for the first five years; (ii) annual distributions of cash flow from operations; and (iii) the distribution to be paid to the EB-5 Investor upon the refinancing of the Project at the end of the fifth (5th) year of operations of the Project.

The projected ROI of an EB-5 Investor is as follows:

- (i) **0.25% annual return.** Each Investor will be entitled to receive a 0.25%, non-cumulative, annual preferred distribution based on their initial investment of \$500,000.00. The preferred return shall be paid prior to calculating and making any additional distributions and/or dividends to the other Investors and/or Partners. The annual preferred dividend to be paid to all of the Investors (based upon a total investment of \$39,500,000.00) is \$21,250 per year or \$1,250 per Investor per year. The non-cumulative preferred return will begin to accrue on the first day that the Project is open for business to the public and will be paid annually until the assets of the Partnership are sold. The total projected preferred return for an EB-5 Investor making a \$500,000.00 investment is \$6,250.
- (ii) **Bonus Distribution.** Each Investor shall have the opportunity to participate in the profitability of the commercial enterprise funded by this Offering. Should Palm House, LLC (the "Borrower") achieve certain performance goals, Investors shall receive bonus distributions. Specifically, (a) if the Project is commercially successful enough that Palm House, LLC is able to sell the Project for \$110,000,000 or more before repayment of Investor contributions, then Investors shall be entitled to an additional bonus distribution totaling 5% of the amount invested, or (b) if the Project is commercially successful enough that Palm House, LLC is able to sell the Project for \$130,000,000 or more before repayment of Investor contributions, then Investors shall be entitled to an additional bonus distribution totaling 10% of the amount invested.

- (iii) **Bonus Benefits.** In addition to the distributions discussed herein, Investors shall additionally be entitled to certain benefits related to the Project. Once the hotel is operational, and subject to availability, Investors will be entitled to receive a complimentary one week hotel stay each year during the term of the investment. This hotel stay benefit accrues only to each Investor, and is not transferrable. As an additional bonus benefit, once the hotel's membership club is operational, Investors shall be entitled to join that membership club, and shall receive a discount of 50% off the normal price of membership. This benefit is subject to the terms of the Membership Club Rules. Exercise of these bonus benefits is at each Investor's option.
- (iv) **Annual Distribution.** After the payment of the annual preferred return to the EB-5 Investors, the net cash flow from operations will be distributed to the General Partner.
- (v) **Distribution upon Sale or Liquidation.** It is contemplated that the Project will be refinanced after the fifth year of operations, and Units repurchased from Limited Partners at that time.

Upon sale of all of the assets of the Partnership and/or liquidation of the Partnership, the net proceeds (after normal and customary costs of sale) shall be distributed as follows: (i) the Investors shall each receive a pro rata share of the net proceeds, up to a maximum of the net sums invested by each of them in the Partnership; (ii) to the extent there are excess proceeds, such proceeds shall be distributed to the General Partner.

The General Partner shall own 1% of the Partnership. The Investors shall collectively own 99% of the Partnership (rounded to the nearest one percent).

The following total ROI is based on an EB-5 investment of \$500,000.00 and is in addition to the potential return of the \$500,000.00 initial investment.

Individual ROI	
0.25% preferred non-cumulative annual dividend	\$6,250
Annual Additional Distributions	-
Property Sale	-
TOTAL ROI	\$6,250

The total ROI is based on a 0.25% preferred non-cumulative annual dividend. These ROI calculations show an annualized rate of return of 0.25%, with an overall ROI of 1.25%.

ROI DISCLOSURES

Profits of the Borrower, if any, will be used first to pay operating expenses and service debts and obligations of the Borrower. Any remaining profits will be used to establish reserves required by law, in addition to those deemed necessary by the General Partner in its sole discretion, for maintenance, capital improvements, and structural repairs to the Project. Any remaining profits may be available for distribution to Partners in accordance with the LP Agreement (attached).

Proceeds of this Offering do not include Administrative Fees. Offering Expenses, commissions, and fees incurred in connection with this Offering shall be paid from the proceeds of Administrative Fees and not from EB-5 Capital Contributions.

The General Partner determines in its sole discretion the amount, if any, timing and form of any distribution of profits by the Partnership.

The Partnership shall not make a distribution (i) if after such distribution liabilities of the Partnership, other than liabilities to Partners on account of their Partnership Interests (as defined in the LP Agreement), exceed the fair value of the assets of the Partnership, (ii) to EB-5 Limited Partners, other than distributions from Available Cash Flow, prior to the fifth anniversary date of the EB-5 Limited Partner's admission as a Partner of the Partnership. After the fifth anniversary date of the EB-5 Limited Partner's admission as a Partner, the foregoing restriction shall no longer apply, to the extent such distribution is prohibited under the Act. See Summary of Limited Partnership Agreement below.

The rules and regulations governing the Pilot Program prohibit the return of an EB-5 investor's investment prior to the approval of the Investor's I-829 application. Accordingly, it is possible that neither Preferred Returns nor return of capital will be made to any EB-5 Limited Partner of the Partnership prior to the end of the fifth year after the closing of this Offering or his/her investment, whichever is later. See EB-5 Immigration Disclosures and Risk Factors above.

An EB-5 Limited Partner's interest in the Partnership shall automatically terminate without further action upon repayment of his/her Capital Contribution and all accrued Preferred Returns. See LP Agreement.

Refinance, Repayment and Extension of the Loan. The terms of the Loan require the Borrower to use commercially reasonable efforts to refinance and repay the Loan after the end of the fifth year from the First Advance (as defined in the Loan Documents) thereunder. If Borrower is unable to refinance the Loan, it may extend the term of the Loan for one or more additional five year terms during which it shall continue to make principal and interest payments to the Partnership on the balance of the Loan. See Summary of Loan Terms below.

Management of the Partnership

SARC MANAGEMENT

PRINCIPAL

Joseph J. Walsh

South Atlantic Regional Center, LLC, Managing Member

Joseph J. Walsh was born and raised in Chicago. Mr. Walsh has managed and owned both public and private corporations in the US, Canada and the UK. Mr. Walsh started his career in Marketing and Advertising, though he was formally educated as an Electrical Engineer. He founded and served as President and CEO of several startup computer and graphics firms that he brought to the public markets in the late 1990s and early 2000s. He subsequently managed several successful mergers of public companies and has extensive experience in merger and acquisition strategy and law. His experience extends not only in the technical realm but to the intricacies of U.S. Securities and Exchange laws. Mr. Walsh brings a wealth of knowledge and expertise to South Atlantic Regional Center with over thirty years of experience in marketing, development and process engineering.

PALM HOUSE, LLC MANAGEMENT

Robert V. Matthews

Robert V. Matthews is the chairman of Matthews Ventures Holdings, LLC.

MVH is a diversified holding company with interests in real estate, hotels, software, manufacturing and construction. The companies also provide funding for start up businesses, as well as the acquisition of existing businesses in various market segments. Founded in 1982, the MVH companies are comprised of seasoned professionals with extensive experience in banking, hospitality, and construction.

Over the past several years, like many U.S. Developers, Matthews' companies were battered by the financial collapse. The group has weathered the storm and returned with an organization that is much more agile and refined. The exposure has produced an organization that is well educated in navigating the distressed asset financial process and this knowledge has allowed us access to a substantial number of undervalued assets.

Matthews Ventures Holdings, based in Palm Beach, is currently working on over \$600 Million worth of product under development ranging from condos to hotels both here in Florida as well as throughout the United States. In keeping with the goal of the company to develop one of kind properties in luxury destinations, all of the MVH products will be five star facilities upon completion. MVH is the principal of both HIG Acquisitions LLC, a private equity fund that is acquiring strategic international 5 star hospitality assets for re-positioning and Matthews Hospitality Group, a consortium of luxury properties under development.

As a venture capitalist Matthews was named Entrepreneur of the Year in 1993. He has controlled numerous companies over the past twenty five years including FMP, Echelon Engineering and Construction, Bentley Churchill, and Stromberg Software. He also holds minority shares in several other companies.

Ryan Black

Ryan Black began his career with Kriti Management, the U.S. office of the Vardinoyannis family, one of Europe's wealthiest families and the largest industrial group in Eastern Europe. As Executive Vice President of Kriti Management, he oversaw the allocation and investment of over 200M in capital across multiple asset classes in the U.S. and South America.

In 2009, Mr. Black left Kriti to serve as the Chief Operating Officer of Jumeirah South America and to advise the Cabot family on their investments in Argentina and Brazil. He spent a year working for the group prior to their withdrawal from the South American market.

In 2010 R. Black Global was formed to serve as an investment vehicle sourcing attractive investment opportunities for a variety of international high net worth families, funds, and corporations.

In 2012 alone, R. Black Global, on behalf of clients, has closed 3 transactions totaling 83 million dollars worth of investment. Transactions this year to date include:

- A 500,000 square foot development parcel in New York, NY
- A portfolio of 385 improved lots in Reno, NV
- A portfolio of 24 condos in Irvine, CA

In addition to the above closed transactions, R. Black Global, through controlled entities, has in excess of 25 million in hospitality assets under contract and has a stalking horse offer in excess of 30 million, in backup position, on a large residential development opportunity outside of San Francisco, CA.

R. Black Global acts as an investment sourcing entity and operating partner for assets acquired. With substantial international equity structuring experience, we have been able to carve out a substantial equity allotment from multiple sources by advising and establishing tax effective investment structures for international investors.

Eduardo V. Miranda

Mr. Miranda currently serves as a Senior Associate with Metro 1 Properties in Miami, Florida, a commercial brokerage and real estate advisory services company. There, he represents buyers and sellers in commercial real estate transactions including hotel, industrial, multi-family, and land. He also performs due diligence and financial feasibility analysis on proposed acquisitions for clients, produced

and distributed offering memoranda for property dispositions, and represented retail tenants in site selection and lease execution.

Prior to that, Mr. Miranda served as the Development Manager for Oto Development, LLC, a hotel development group based in Fort Lauderdale, Florida. His duties there included directing the development efforts of Marriott, Hilton, and Hyatt branded select service hotels from site selection, due diligence, and acquisition, through design development, permitting, construction, FF&E coordination and hotel opening. He also negotiated and managed all contracts and purchase orders, coordinated design and construction teams during project origination and implementation, collaborated with brand representatives to ensure brand standards were achieved, and developed project budgets of approximately \$75 million for new hotels and evaluated feasibility of proposed projects.

Mr. Miranda also served as Acquisition and Development Consultant for Luxury Development Consultants, Inc., where he performed due diligence and financial feasibility analysis on proposed acquisitions and developments. Prior to that, he served as Vice President of Development at Boca Resorts Inc. (now LXR Luxury Resorts, an affiliate of The Blackstone Group), where he managed over \$200 million in development spending on numerous resort enhancements including the renovation of existing facilities in Boca, Fort Lauderdale, and Naples, including restaurants, bars, retail outlets, pools, meeting rooms, and guest rooms, as well as new construction projects including a golf clubhouse, luxury spa, and a 112 room guestroom tower with flexible meeting space at the Boca Resort, a golf course in Naples, and a state of the art floating dock marina at Bahia Mar in Fort Lauderdale. He also served as an Operations / Financial Analyst at The Breakers Palm Beach, Inc., a luxury hotel on Palm Beach Island. His duties there included controlling the financial performance of the 670-acre Breakers West residential development and its country club operations.

Mr. Miranda earned a Master of Science in Hotel and Food Service Management from Florida International University in 1994. He also earned a Bachelor of Science in Industrial and Systems Engineering from the University of Florida in 1992. He is a Licensed Real Estate Salesperson in the state of Florida.

Gerry D. Matthews

Mr. Matthews is a Licensed Real Estate Broker at Matthews Commercial Properties, where he has served for over a decade. MCP specializes in the sales and leasing of commercial, industrial, office and retail space throughout Connecticut; it has completed over 1,000 transactions since 2001 and earned the Co-Star Power Broker Award 2003-2011 top 20 brokerage firms in Ct / Westchester county N.Y.

Prior to that, Mr. Matthews served as a Licensed Real Estate Agent with Giglio & Krasney Commercial Real Estate for 6 years, where he worked directly with clients to search, locate and procure property that met their requirements, and developed successful marketing campaigns for the disposition of clients' properties.

Before that, Mr. Matthews served as Executive Vice President at Connecticut Factors, Inc. for 13 years. There, he supervised and coordinated personnel in the renovation of commercial office, and industrial buildings, ranging in size from 25,000 to 385,000 square feet, as well as several condominium and multi-family conversion projects. He also instituted maintenance and management programs for nine commercial office buildings totaling over 700,000 square feet and six condominium conversions and multi-family projects totaling 276 units, and attained necessary materials, bids and proposals for projects.

Concurrently, Mr. Matthews also served by gubernatorial appointment as the Real Estate Commissioner with the State of Connecticut Department of Consumer Protection from 1997 to 2003. There, he was tasked to uphold, interpret and enforce the laws governing the Real Estate industry in Connecticut. His division had jurisdiction over 20,000 brokers, agents, and property managers licensed in the State of Connecticut.

PROJECT PARTNERS

ECONOMIC CONSULTANT

Dr. Michael K. Evans

Evans, Carroll & Associates, Inc., *Chairman*

Dr. Evans is the Chairman of Evans, Carroll & Associates (formerly Evans Economics), which has been providing economic forecasting and consulting to clients since 1981. The firm, based in Boca Raton, Florida, specializes in economic analysis for EB-5 programs, economic impact studies of development projects and new construction, models of state and local tax receipts, impact of current and proposed government legislation, and construction of econometric models for individual industries and companies. As Chief Economist for the American Economics Group from 2000 to the present, Dr. Evans has also built a comprehensive state modeling system that provides economic analysis for a variety of consulting projects. Previously Dr. Evans was founder and president of Chase Econometric Associates (1970–80), and served as Clinical Professor of Economics at Kellogg Graduate School of Management, Northwestern University (1996–99) and Assistant and Associate Professor of Economics, Wharton School, University of Pennsylvania (1964–69). Dr. Evans holds a Ph. D. in Economics from Brown University.

Summary of the General Risk Factors

Before investing in the Units, prospective Investors should be aware that there are risks, including those described below, which may affect the Partnership's business, financial condition or results of operations. Prospective Investors should consider carefully these risk factors together with all of the other information included in this Memorandum before deciding to purchase any Units.

An investment in the Units involves a certain degree of risk, including, but not limited to the following. For a more detailed description of the risks involved in an investment in the Units see RISK FACTORS below.

- The Units are illiquid and should only be purchased if the Investor is willing to hold the Units for an indefinite period of time.
- Identifying, completing, and realizing profits in the target market has from time to time been highly competitive, and involves a high degree of uncertainty.
- Many of the Partnership's competitors for investments are far larger than the Partnership, may have greater financial resources than the Partnership, and may have management personnel with more experience than the Managers of the General Partner.
- The Partnership's business or services may fail to perform as expected, and capital expenditures may exceed estimates.
- The Partnership may be forced to alter the design of, and services rendered at, the Project after expending resources to determine feasibility.
- The Partnership's revenues are subject to changes in regional economic conditions, including levels of employment and discretionary disposable income, consumer confidence, and may be affected by changes in legislation.

EB-5 IMMIGRATION DISCLOSURES AND RISK FACTORS

The U.S. Congress created the employment-based fifth preference ("EB-5") immigrant visa category in 1990 for immigrants who invest in and manage U.S. commercial enterprises that benefit the U.S. economy. Each investment needs to create or save at least 10 full-time jobs for U.S. workers.

A description of the requirements and processes of the EB-5 Program are based on information obtained by the Partnership from third parties who the Partnership believes are reliable. However, there can be no assurance that such information is accurate or current or that it includes all of the risks relating to U.S. immigration laws or the EB-5 Program (see below).

Investors in this Offering who have subscribed for Units with the intention of applying for a U.S. green card through investment in the Partnership should be aware of certain risk factors relating to immigration to the United States, the EB-5 Program and its administration. An Investor who purchases Units with the intention of obtaining a conditional and permanent green card is encouraged, along with his or her advisors, to make his or her own independent review of the EB-5 Program and the various immigration risk factors relating to the process in obtaining a conditional and permanent residency status to determine if an investment in the Units is a suitable approach for him/her.

THE PARTNERSHIP MAKES NO REPRESENTATION OR WARRANTY OF ANY KIND CONCERNING WHETHER AN INVESTMENT IN THE PARTNERSHIP WILL MEET THE REQUIREMENTS OF THE EB-5 PROGRAM OR OTHER U.S. IMMIGRATION REQUIREMENTS. NO ASSURANCES CAN BE GIVEN THAT AN INVESTMENT IN THE PARTNERSHIP WILL RESULT IN AN IMMIGRANT INVESTOR RECEIVING AN EB-5 VISA OR CONDITIONAL OR PERMANENT RESIDENT STATUS.

RISKS RELATED TO THE EB-5 PROGRAM**General Immigration Risks**

Congress and/or USCIS may change the law, regulations, or interpretations of the law, including the EB-5 Program, without notice and in a manner that may be detrimental to an Investor and/or the Partnership. Investors who obtain conditional or permanent residence status must intend to make the United States their primary residence. Permanent residents who continue to live abroad risk revocation of their conditional or permanent residence status. The process of obtaining conditional and permanent resident status involves numerous factors and circumstances that are not within the control of the Partnership. These include an Immigrant Investor's history and quotas established by the United States government limiting the number of immigrant visas available to qualified individuals seeking conditional or permanent resident status under the EB-5 Program.

Job Allocation Among EB-5 Foreign Investors

The Partnership shall take such action to meet the objective of allocating to each Investor a minimum number of ten (10) direct and/or indirect and/or induced full-time equivalent positions for qualifying employees created by the Project due to the Partnership's investment in the Project on the following basis: The assignment of full-time equivalent positions for qualifying employees created by the Project shall be allocated to members of the Partnership based on the sequential order of the date that each member entered the United States on an EB-5 Visa.

Use of Immigration Attorney and Processing Time

The filing of an I-526 Petition by an Investor with the USCIS should be done by a qualified U.S. immigration attorney. As of the date of this document, the USCIS is taking approximately six months to approve (or deny) an I-526 Petition. It is impossible to predict USCIS processing times. Once approved, the case will be forwarded to the U.S. State Department's National Visa Center and then to a U.S. Consulate selected by the Investor for processing or, if the Investor is already in the U.S., the Investor may adjust his or her status to that of conditional permanent resident. It may, however, take an additional six months or longer for a U.S. Consulate to process the I-526 Petition, or for the USCIS to adjust an Investor's status, and issue a conditional green card. Investors should not physically move to the United States until their visa has been issued.

Management estimates that the Project will create a sufficient number of direct jobs. Each Investor in the Partnership who will petition for permanent residency in the U.S. under the EB-5 Program must demonstrate that the Project created at least 10 direct jobs in order to qualify for permanent residency status under the EB-5 Program.

There is no assurance that the assumptions upon which the job creation totals are based are accurate or that the actual number of direct employees will be close to the number predicted. Depending upon the disparity there may be insufficient employment to remove conditional visa status, resulting in a delay or denial of permanent residency for any Investor.

Proving Lawful Source of Funds

As part of the I-526 Petition, an Investor must present to the USCIS clear documentary evidence of the source of the funds invested and that the funds belong to the Investor. Generally, the Investor can satisfy the source of funds requirements by submitting documents showing that he or she has a level of income from legal sources that would yield sufficient funds for the investment. The USCIS generally requires copies of income tax returns to satisfy the source of funds requirement. For Investors who do not have such records, there may be other records that can be provided to the USCIS by an Investor to demonstrate that the investment funds came from legal sources. All such matters regarding the Investor's I-526 Petition should be discussed with his or her immigration counsel.

Policymaking Position

The EB-5 Program requires an Investor to hold a policymaking or management position within the Partnership. The Partnership believes that each Investor, as a limited partner of the Partnership, is provided with the powers and duties under the Partnership Agreement sufficient to meet the USCIS requirement that an Immigrant Investor is actively participating in policymaking or management of a new commercial enterprise.

Chinese Governmental Action.

The government of the People's Republic of China ("PRC") (the expected home country source of Investors) may restrict or suspend entirely participation by its nationals in the EB-5 Program as violative of (a) the PRC's Securities Laws, (b) the PRC's foreign exchange controls, and/or (c) the current prohibition on Chinese nationals investing overseas in an individual capacity, rather than through enterprises. Moreover, the PRC may promulgate new laws or regulations in the future that restrict or prohibit participation in the EB-5 Program. Finally, the PRC has not approved this private placement; although in the past it has been assumed that a lack of action on particular offerings by the PRC is tantamount to their tacit approval, in the future, it cannot be assured that the PRC will not restrict or prohibit foreign private placements in general or the Offering in particular. Similar political risks apply to any other country from which a prospective Investor who seeks to transfer funds is a citizen, lawful permanent resident, or is otherwise domiciled.

Targeted Employment Area Designation.

The Partnership believes that the Project is located in a "TEA." The Partnership bases this belief on the TEA Designation Memorandum, attached hereto. While USCIS may rely on the TEA Designation Memorandum, USCIS may also choose to defer to state governmental authorities for an ultimate decision on whether the Project is located in a TEA. In such an event, the Partnership believes that the state would consider the Project to be in a TEA based on the evidence supported by the TEA Designation Memorandum, but that is not certain. Moreover, even if USCIS determines that the Project is currently located in a TEA, demographic shifts could cause the loss of TEA status to the census tract where the Project is located. If the Project is not in a TEA, then Investors in Interests seeking a green card pursuant to the Pilot Program would have to invest a minimum of one million dollars (\$1,000,000). Therefore, if the census tract's "TEA" status is lost, it could become difficult or impossible for the Partnership to raise additional funds from EB-5 Investors. If the Partnership is unable to raise sufficient funds, the risk factor "Risks Due to Failure to Raise Adequate Capital" will also apply.

At-Risk Investment

An Investor's investment must be at risk to qualify for the EB-5 Program. As part of the green card application, an Investor must show evidence that he or she has placed the required amount of capital at risk for the purpose of generating a return on the capital placed at risk. The Partnership believes that an investment in the Units will place an Investor's investment in the Partnership at risk because there is no assurance that the business of the Partnership will be able to return any Investor's investments in the Units at any time, or ever. Purchase of a Unit does not guarantee conditional or permanent residency in the United States. Furthermore, no assurance can be given that conditions to residency under the EB-5 Program will be removed.

THE PARTNERSHIP MAKES NO REPRESENTATION OR WARRANTY OF ANY KIND CONCERNING WHETHER AN INVESTMENT IN THE PARTNERSHIP WILL MEET THE REQUIREMENTS OF THE EB-5 PROGRAM OR OTHER U.S. IMMIGRATION REQUIREMENTS. NO ASSURANCES CAN BE GIVEN THAT AN INVESTMENT IN THE PARTNERSHIP WILL RESULT IN ANY INVESTOR RECEIVING A VISA OR CONDITIONAL OR PERMANENT RESIDENT STATUS.

Timing of investment

The EB-5 program procedures requires an investor to first make a qualifying investment, and then file a Form I-526 petition (and supporting documents) with USCIS. The applicant must thus be prepared for situations where—if the application is denied—he or she would have incurred irrecoverable expenses on

foreign exchange transfer and then getting the investment returned. The investor might also have disposed of some valuable asset to arrange liquid funds in the first place and would be required to look for new investment assets. The investor should factor in expenses and costs and losses that he or she might incur while going through sale and purchase of assets. From the time that the investor makes the investments and time he or she receives the money back, the investor will need to factor in the lost interest in the process.

OTHER RISK FACTORS

RISKS RELATED TO OUR BUSINESS AND INDUSTRY

General Economic Conditions

The investment strategy of the Partnership is based in large part upon the success and results of the markets in general. Changes in the general economic conditions (including economic downturns), securities markets, and changes in tax codes and other governmental regulations may affect the value of the Partnership's investments.

Operating History

Palm House Hotel, LLLP has no operating history. As a result, we have no operating history to aid in assessing our future prospects. We will encounter risks and difficulties as an early-stage Partnership in a rapidly evolving, and often volatile, investment market. We may not be able to successfully address these risks and difficulties, which could materially harm our business and operating results.

The Partnership is a new business with no operating history upon which Investors may base an evaluation of its potential future performance. As a result, there can be no assurance that it will be able to develop consistent revenue sources, or that its operations will become profitable even if it is able to allocate the funds raised in this Offering in accordance with its business plan. The Partnership and its prospects must be considered in light of the risks, expenses and difficulties frequently encountered by entities in an early stage of development. Such risks include, but are not limited to, an evolving business model, developing the business plan and the management of its growth, property acquisition and development, the successful operating and maintaining of a commercial real estate Project. The Partnership must, among other things, locate investment assets, purchase investment assets at reasonable values, develop investment assets on a profitable basis, respond to economic and market variables outside the control of the Partnership, conduct adequate due diligence, respond to competitive developments and continue to attract, retain and motivate qualified employees and operate and maintain its facilities. There can be no assurance that the Partnership will be successful in meeting these challenges and addressing such risks and the failure to do so could have a materially adverse effect on the Partnership's business, results of operations and financial condition.

Management of Growth

The Project will experience growth in its operations, which will place significant demands on our management, operational, and financial infrastructure. If the Partnership does not effectively manage growth, the quality of services could suffer, which could negatively affect the Project and its operating results. To effectively manage growth, the Partnership will need to continue to improve its operational, financial and management controls and its reporting systems and procedures. These systems enhancements and improvements may require significant capital expenditures and management resources. Failure to implement these improvements could hurt the Project's ability to manage growth and its financial condition.

Competition

The Partnership will compete for investments with numerous other investments, many of which have substantially greater financial resources, research and marketing capabilities, operating histories and

greater name recognition than does the Partnership.

Construction Risks

The Project may involve construction and/or renovation of existing buildings. Construction and renovation costs may exceed projected levels; similarly, the time for construction and renovation may exceed projections. Such cost overruns or delays may imperil the timing and profitability of the project. Further, necessary permits may take longer than anticipated to acquire, or may be denied entirely. For existing units, the condition of those units may be worse than expected; the units may contain asbestos; or they may require extensive work or even demolition and reconstruction.

Natural Disasters; Weather

Construction, development, leasing, or operation may be delayed, prevented, or adversely affected by inclement weather or other acts of God. Florida is located in an area at high risk for hurricanes and other natural disasters and natural disaster-related damage. Buildings, fixtures, and other Project assets may be damaged or destroyed by natural disasters.

Government Regulation Risks

The hospitality industry is regulated by both state and federal governments. Adverse changes in government regulations, taxes, or incentive programs could impact the feasibility, profitability, or even the legality of the project.

Hospitality Industry Risks

The business operations of the Borrower involve the operations of a luxury hotel facility, including high-end ancillary services. The profitability of such an enterprise is dependent upon the tourism market in the area, as well as the general economy and consumer spending patterns. Furthermore, the ultimate profitability of the project may be influenced by the South Florida real estate market, which may be volatile. These macroeconomic factors are outside of Management's control.

RISKS RELATED TO MANAGEMENT

Reliance on Management

The General Partner has sole responsibility and authority for all decisions in connection with the management of and investments made by the Partnership. Limited Partners will have a limited right to participate in the management of the Partnership. The capital required by the Partnership to commence operations and carry on its business is being sought entirely from the proceeds of the Offering.

The Partnership's success is highly dependent on the experience and industry knowledge of the management team, which members have limited experience in the operation of a Project of this type or with the EB-5 program.

The General Partner was only recently formed and has no operational history to date. The Partnership is dependent entirely on the efforts of the management team of the General Partner for strategic business direction. The principals of the General Partner have limited experience in managing a Project of this type, and as a result, their ability to be effective managers, or otherwise operate the business in a manner that maximizes profitability for the Partnership is questionable. None of the Investors will have the right to vote on or approve any of the investments or business decisions to be made by the Partnership. Prospective Investors who are unwilling to delegate sole discretion to the General Partner in this manner should not invest in the Partnership.

Because the General Partner will have sole discretion in structuring the Partnership's business model, the risk profile and exposure of this Partnership will ultimately be determined by the General Partner. The Partnership's success depends on the General Partner's ability to execute its business model and plan.

The General Partner, and consequently the Partnership, is currently dependent on the continued service and active advisory efforts of the principals of the General Partner (see "Management Team"). If any of their services with the General Partner were to cease or lapse for any reason, the Partnership may be adversely affected if such services were not otherwise provided by Persons of equal or greater talent or experience.

Potential Conflicts of Interest

Certain conflicts of interest may arise from the fact that the Managers of the General Partner will continue to be involved in business pursuits which require their time, attention and energies and which may conflict with the business of the Partnership. The Managers of the General Partner may also act in management and advisory capacities for other entities. Therefore, conflicts of interest may arise in the allocation of their time to the management and administration of the Partnership and such other entities.

RISKS RELATED TO THIS OFFERING

No Assurance of Liquidity; Restrictions on Transfer

There is currently no market for the Units, and a market in the Units is not expected to develop in the future. The Units are not redeemable and cannot be assigned; transferred; pledged; encumbered or otherwise disposed of without the consent of the General Partner and in compliance with applicable provisions of the Partnership Agreement and applicable securities laws. As a result, purchasers must bear the economic risk of their investments for the life of the Partnership. A purchase of Units should be considered only by sophisticated and accredited Investors financially able to maintain their investment and who can afford to lose all or a substantial part of their investment.

Transferability of the Units is restricted and Investors will not be able to liquidate their investment in the event of an emergency. Additionally, the Units may not be readily acceptable as collateral for loans (to the extent permitted by the Partnership Agreement). Accordingly, purchase of the Units must be considered a long-term, illiquid investment.

Private Offering Exemption

The Units are being offered in reliance upon a non-public offering exemption provided under the Act, Regulation D promulgated thereunder. The Partnership has used its best efforts to assure compliance with the requirements of these various registration and qualification exemptions. Since compliance with the securities statutes is highly technical and often difficult, there is no assurance that a court reviewing the facts and circumstances of the Offering might not determine later that one or more of the applicable exemption provisions was not properly complied with. Should it be determined that the Partnership failed to comply with the requirements of the Act or any applicable exemption and a sufficient number of Investors were to seek rescission, the Partnership could face financial demands which could adversely affect its ability to continue to conduct business which, in turn, could result in adverse consequences to both rescinding and non-rescinding Investors.

Liability and Indemnification of the General Partner

The General Partner is in a fiduciary relationship with the Limited Partners of the Partnership. As such, the General Partner is required to exercise good faith and integrity in their conduct of the Partnership's affairs. However, their responsibility is limited by provisions of the Subscription Agreement and Partnership Agreement which exculpate the General Partner and their affiliates from liability to the Partnership where the General Partner act (or fail to act) not in violation of the Subscription Agreement and Partnership Agreement and without gross negligence, fraud or willful violation of law. As a result, a Limited Partner may have a more limited right of action than it would have had in the absence of such provisions. The Subscription Agreement and Partnership Agreement also provides that the Partnership will indemnify the General Partner and their respective affiliates from any liability or loss suffered by virtue of the General Partner acting in such capacity, except in the case of violation of the Subscription Agreement and Partnership Agreement or of gross negligence, fraud or willful violation of law.

Projections; Forward Looking Information

Management has prepared projections regarding Palm House Hotel, LLLP's anticipated financial performance. The Partnership's projections are hypothetical. Financial projections concerning the estimated operating results of the Partnership have been prepared by the Partnership's management. These projections may be based on certain assumptions which may prove to be inaccurate and which are subject to future conditions that may be beyond the control of the Partnership, such as the general industry conditions. The Partnership may experience unanticipated costs or lower revenues than forecasted. There is no assurance that the results which may be illustrated in financial projections would in fact be realized by the Partnership. The financial projections have been prepared by management of the Partnership in consultation with experts in the field and the Partnership's independent certified public accountants. However, since the financial projections are based upon numerous assumptions, which may or may not prove to be true, neither the independent experts or the independent certified public accountants or counsel to the Partnership can provide any level of assurance with respect to them.

Many of these risks are described elsewhere herein. For all of the foregoing reasons, actual results may vary materially from the Forward Looking Statements and there is no assurance that the assumptions used are necessarily the most likely. Additionally, when used in this memorandum, the words "believes," "anticipates," "intends," "expects," "plans," as well as similar words are intended to identify forward-looking statements. All such statements are based on the Partnership's expectations and are subject to a number of risks and uncertainties, many of which are beyond the Partnership's control. In light of these risks and uncertainties, there can be no assurance that the forward-looking statements contained herein will in fact occur. The Partnership does not undertake any obligation to publicly release the results of any revisions to these forward-looking statements that may be made to reflect any future events or circumstances.

Risks Due to Failure to Raise Adequate Capital

Management intends to close this Offering with the requisite number of investors to achieve the full offering amount. However, this can not be guaranteed. A failure to secure full funding could endanger the success of the Project. Failure of the Partnership to raise the full offering amount could negatively impact the Project Company's ability to finance and develop the Project. If the Partnership fails to raise the full offering amount and is therefore unable to loan such amount to the Project Developer, to secure the balance of any funds required for the Project, the Project Developer will be required to seek a larger than expected amount from alternative capital sources, including institutional investors and non EB-5 investors, among others. Furthermore, it is possible that the Project Developer will fail to raise the additional capital, or that, even if the Partnership succeeds in raising the full offering amount and loans such amount to the Project Developer, such proceeds, plus any additional capital raised, will be inadequate to satisfy all capital requirements, or that such financing may be untimely procured, requiring the Project Developer to obtain alternative financing, including short- and long-term debt financing, or equity financing, in addition to the Partnership's loan to the Project Developer. The terms of such alternative financing may be better or worse for the Project Developer than the terms of the loan from the Partnership, and may result in subsequent investors in the Project Developer having superior rights to those of the Partnership.

Summary of Loan Terms

Purpose. Prior to the closing of the first Unit offered hereunder, the Partnership will enter into a Loan Agreement (the "Loan") with Borrower. The proceeds of the Loan will be used to partially finance the acquisition, development and operation by Borrower of the Project.

Amount. The Loan amount will be up to \$39,500,000, depending upon the number of Units sold in this Offering. Whether or not the maximum Loan amount is advanced, the Borrower may seek alternative and additional financing.

Term; Repayment. The balance of all Advances and all accrued unpaid interest on the Loan shall be repaid as follows. Upon and after the First Advance hereunder, Borrower shall make payments of interest only on the outstanding principal balance of all Advances at the rate per annum of 0.25% until expiration of 5 years from the First Advance (the "Initial Term"). Upon the expiration of the Initial Term, the outstanding principal balance of all Advances and all accrued interest then outstanding shall be due. Borrower shall make commercially reasonable efforts to repay the outstanding principal balance of all Advances and all accrued unpaid interest thereon after the expiration of the Initial Term. If Borrower cannot refinance such amounts on commercially reasonable terms prior to the end of the Initial Term, Borrower may extend the term of this Note for one or more additional five year periods (each an "Extension Period"), provided Borrower is not in default. During each Extension Period (a) the interest rate shall remain at 0.25%, and (b) Borrower shall make principal and interest payments on the outstanding principal balance of all Advances and all accrued unpaid interest thereon then outstanding, calculated by amortizing the outstanding balance thereof over 15 years at the rate of interest set forth below. Interest shall be computed on the basis of a 365 day year and actual days elapsed. Upon default or after judgment has been rendered on this Note, the unpaid principal of all Advances shall bear interest at a rate which is two (2%) percent per annum greater than that which would otherwise be applicable.

The Borrower may not, without the Partnership's prior express written consent, prepay the Note prior to the expiration of five years from the First Advance. Thereafter, Borrower may prepay this Note, in whole or in part, at any time, without penalty or premium, and without prior written consent of the Partnership.

Disbursement. Disbursements of Loan proceeds will be made to Borrower from time to time upon approval of Investor I-526 Petitions and in accordance with the Escrow Agreement. It shall be a condition of each advance that as of such time there shall not have been a material adverse change in the operations, assets or financial condition of the Borrower and its subsidiaries, taken as a whole.

Promissory Note and Loan Collateral. The Borrower will issue a Promissory Note with full recourse to the Borrower. The Loan may be secured by a lien on collateral of Borrower.

Senior Debt. Borrower may incur other debt and in connection therewith, grant security interests senior to those granted to the Partnership under the Loan Agreement.

Loan Documents. The Partnership has issued a Commitment Letter to Borrower, a copy of which is available upon request. The Promissory Note and Loan and Security Agreement to be executed by each Borrower are available for review upon request.

Summary of Limited Partnership Agreement

The rights and obligations of the Partners of the Partnership will be governed by the Limited Partnership Agreement ("LP Agreement"), attached to this Offering Memorandum. It is recommended that each prospective investor read the entire LP Agreement. The following is a brief summary of some of the provisions of the LP Agreement. The summary below and all statements made elsewhere in this Offering Memorandum relating to the LP Agreement are qualified in their entirety by reference to the LP Agreement.

PURPOSES (ARTICLE 1, LP AGREEMENT)

The purposes of the Partnership shall be to engage in any lawful acts or activities for which limited liability companies may be formed under the Act, including for the purpose of investing in Qualifying Investments under the EB-5 Pilot Program.

CAPITAL CONTRIBUTIONS (ARTICLE 2, LP AGREEMENT)

Each Limited Partner's capital contribution must be paid at the time such Limited Partner subscribes to purchase Units in this Offering and shall be paid in USD cash. Each Investor's Capital Contribution will be credited to his/her Capital Account. Terms governing the maintenance of Capital Accounts are set forth in the LP Agreement. An EB-5 Limited Partner shall be conditionally accepted to the Partnership upon receipt by the Partnership of his/her Capital Contribution and the Administrative Fee. The Capital Contribution shall be released from escrow and delivered to the Partnership upon the USCIS approval of the I-526 Petition for such conditionally accepted EB-5 Limited Partner, in accordance with the Escrow Agreement. Upon release of the Capital Contribution to the Partnership, an EB-5 Limited Partner shall be admitted to the Partnership.

ALLOCATION OF PROFITS AND LOSSES (ARTICLE 3, LP AGREEMENT)

Profits and Losses for each fiscal year shall be allocated as follows: (a) first, to the Partners in accordance with their Adjusted Capital Contributions, payable in proportion to the unpaid amounts thereof; and (b) the balance, to the Partners in accordance with the Percentage Interests.

DISTRIBUTIONS (ARTICLE 3, LP AGREEMENT)

Available Cash Flow, if any, shall be distributed annually as follows: (a) to Partners in payment of Mandatory Distributions (See Section 3.6 of the LP Agreement); (b) then to EB-5 Limited Partners pro rata in accordance with each EB-5 Limited Partner's Adjusted Capital Contribution in an amount up to each EB-5 Limited Partner's Preferred Return, less amounts due to the Partnership; (c) then to EB-5 Limited Partners pro rata in accordance with each EB-5 Limited Partner's Adjusted Capital Contribution in an amount up to each EB-5 Limited Partner's Adjusted Capital Contribution; (d) then to Partners pro rata in accordance with each Partner's Adjusted Capital Contribution in an amount up to each Partner's Adjusted Capital Contribution; and (e) then to Partners in accordance with their Percentage Interests in the Partnership.

The rules and regulations governing the Pilot Program prohibit the return of an EB-5 investor's investment prior to the approval of the Investor's I-829. Accordingly, the Partnership shall not make distributions to EB-5 Limited Partners, other than distributions from Available Cash Flow in amounts not exceeding their

respective EB-5 Minimum Capital Requirement prior to that time. After such date the foregoing restriction shall no longer apply.

MANAGEMENT (ARTICLE 4, LP AGREEMENT)

the Partnership operates under the direction of a General Partner. The General Partner has full and complete authority, power and discretion to manage and control the business and affairs, including the management and operation of the Partnership, to make all decisions regarding the business and affairs of the Partnership, in its sole discretion, and to perform any and all other acts incident to or customary for the business. Limited Partners have limited rights to take part in the management of, or to bind, the Partnership.

TAX WITHHOLDING (ARTICLE 4, LP AGREEMENT)

The General Partner is authorized to withhold any sums required by the Internal Revenue Code even if such withholding conflicts with any of the terms and conditions of this Agreement or otherwise affects distributions, allocations or payments to the Partners. In the event that the General Partner learns of a withholding obligation subsequent to the distribution to which the withholding obligation relates, the General Partner will issue an invoice to the Partner. If the invoice is not paid within sixty (60) days, the General Partner will charge the amount against the Partner's Capital Account.

INDEMNIFICATION (ARTICLE 5, LP AGREEMENT)

The Partnership may indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative, or investigative, including all appeals (other than an action, suit or proceeding by or in the right of the Partnership) by reason of the fact that he is or was a partner, officer or employee of the Partnership, or is or was serving at the request of the Partnership as a Partner, trustee, officer or employee of another company, partnership, joint venture, trust or other enterprise, against expenses, judgments, decrees, fines, penalties and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the Partnership and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. Expenses of each person indemnified may be paid by the Partnership in advance of the final disposition of such action, suit or proceeding as authorized by the General Partner upon receipt of an undertaking to repay such amount unless it shall ultimately be determined that he is entitled to be indemnified by the Partnership.

VOTING (ARTICLE 7, LP AGREEMENT)

On any matter presented to the Partners for their vote, each Limited Partner shall have one vote for each Unit owned by him. The following actions shall require the approval of Limited Partners holding a majority of the then outstanding Units: (i) any modification to this LP Agreement materially changing the rights of the Limited

Partners; and (ii) dissolution of the Partnership prior to the end of the fifth year after admission of the last EB-5 Limited Partner.

TRANSFER RESTRICTIONS (ARTICLE 8, LP AGREEMENT).

No EB-5 Limited Partner may voluntarily transfer any interest or rights in his/her Units without consent of the General Partner. Additional restrictions on transfer of Units are described in the LP Agreement. No Limited Partner shall have the right or power to Voluntarily Withdraw from the Partnership. If any Partner intends to transfer his or her Units or any part thereof to any person or entity, after obtaining required

approval, such Partner shall give written notice to the Partnership of his intention so to transfer. Thereupon, the Partnership, then the General Partners, then the Limited Partners shall have an option to purchase such Units at Fair Market Value (as defined in the LP Agreement).

TERMINATION OF INTEREST (ARTICLE 9, LP AGREEMENT)

The Partnership Interest of each EB-5 Limited Partner shall be terminated by (a) dissolution of the Partnership as provided in the LP Agreement and distribution of the proceeds of liquidation to EB-5 Limited Partners in accordance herewith; (b) the Agreement of an EB-5 Limited Partner, or his/her personal representative, and the General Partner; (c) the return of the Capital Contributions and payment of all accrued Preferred Returns to such EB-5 Limited Partner.

DISSOLUTION AND TERMINATION (ARTICLE 10, LP AGREEMENT).

The Partnership shall be terminated and dissolved upon the first to occur of the following: If the Partnership then has any EB-5 Partners (a) upon vote of a Majority-In-Interest of the Partners; or (b) upon the sale of all or substantially all the assets of the Partnership; and if there are then no EB-5 Partners of the Partnership (a) upon vote of the General Partner, or (b) upon sale of all or substantially all of the assets of the Partnership.

INCOME TAX CONSIDERATIONS

Each Investor is responsible for obtaining his or her own tax advice with respect to the federal, state and local income and other possible tax consequences of his/her investment in the Partnership, and no tax advice will be provided hereunder or at any time in the future. However, as a general rule, a resident alien of the United States will be taxed on all of his or her worldwide income and will be required to file a United States income tax return. In addition, if an alien is not a resident of the United States but has United States source income he or she generally will be subject to taxation in the United States on such income, and such income may be subject to withholding and/or reporting on a United States income tax return. All Investors in this Offering should seek professional tax advice prior to investing in this Offering.

SUBSCRIPTION PROCEDURE AND PLAN OF DISTRIBUTION

SUBSCRIPTION PROCEDURE

To subscribe to purchase Units in this Offering, a subscriber must transmit the following to the Partnership prior to the termination of this Offering, as follows:

1. Subscriptions Funds for Units (\$500,000 per Unit subscribed for) shall be paid by a wire transfer to the Partnership Escrow Account established by each subscriber of Units with the Partnership according to the wire instructions provided by the Partnership.
2. Administrative Fees (\$40,000 per Investor) shall be paid by wire transfer to the Partnership according to the wire instructions provided by the Partnership.
3. Executed counterpart signature page to the Partnership EB-5 Escrow Agreement (attached hereto);
4. Executed counterpart signature page to the LP Agreement (attached hereto);

5. Executed complete Subscription Agreement (attached hereto);
6. Executed and complete Investor Questionnaire.

The subscription period will begin on the date of this Offering Memorandum and will continue until the Offering is sold or the Offering is terminated by the Partnership.

All subscription proceeds received from subscribers for Units shall be deposited in the Partnership Escrow Account established for subscription funds pending filing of subscriber I-526 Petitions. Upon notice of approval of each subscriber's I-526 Petition, his/her subscription funds will be transferred to the Partnership and advanced to Borrower as part of the Loan. A subscriber of Units shall have no right to revoke or withdraw his/her subscription after filing of his/her I-526 Petition.

If a subscriber's I-526 Petition is denied by USCIS for reasons within the control of the Partnership, then subscriber's subscription proceeds shall be returned to subscriber without interest or deduction. If a subscriber's I-526 Petition is denied by USCIS for reasons beyond the control of the Partnership or due to subscriber providing false or misleading information to USCIS or the Partnership, then subscriber's subscription proceeds shall not be returned to subscriber but shall remain committed to the Project in accordance with this Offering. In such case, subscriber will be admitted as a Limited Partner of the Partnership and will be issued Units subject to the terms of the LP Agreement as if his/her I-526 Petition was approved. All interest accrued on funds deposited in the Partnership Escrow Account belong to the Partnership.

PLAN OF DISTRIBUTION

The Units will be offered to prospective investors by the Partnership, and/or its duly authorized agents. Fees and commissions of such agents may be paid by the Partnership from Administrative Fees. Prospective investors are limited to qualified non-U.S. citizens seeking permanent residence in the United States through the EB-5 Program who are Accredited Investors (as defined in the Act). The Units are offered subject to the Partnership's rights to withdraw the Offering at any time without notice and/or to reject any subscription. This Offering may be terminated if events have occurred, which in the General Partner's sole judgment, make it impracticable or inadvisable to proceed with, continue or consummate the Offering described herein. There is no assurance that all or any of the Units will be sold. If the Offering is terminated the Partnership Escrow Agreement provides for the prompt return to the investors of their subscription funds, without interest. Administrative Fees are not refundable for any reason.

Availability of Additional Information

EACH PROSPECTIVE INVESTOR WILL BE GIVEN AN OPPORTUNITY TO ASK QUESTIONS OF AND RECEIVE ANSWERS FROM MANAGEMENT OF THE PARTNERSHIP CONCERNING THE TERMS AND CONDITIONS OF THIS OFFERING AND TO OBTAIN ANY ADDITIONAL INFORMATION, TO THE EXTENT THE PARTNERSHIP POSSESSES SUCH INFORMATION OR CAN ACQUIRE IT WITHOUT UNREASONABLE EFFORTS OR EXPENSE, NECESSARY TO VERIFY THE ACCURACY OF THE INFORMATION CONTAINED IN THIS MEMORANDUM. IF YOU HAVE ANY QUESTIONS WHATSOEVER REGARDING THIS OFFERING, OR DESIRE ANY ADDITIONAL INFORMATION OR DOCUMENTS TO VERIFY OR SUPPLEMENT THE INFORMATION CONTAINED IN THIS MEMORANDUM, PLEASE WRITE OR CALL THE PARTNERSHIP.

Palm House Hotel, LLLP

197 S. Federal Highway, Suite 200
Boca Raton, FL 33432
Telephone: (561) 282-6102

SECTION II

Business Plan Summary

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EXECUTIVE SUMMARY

THE PROJECT OVERVIEW

The Borrower, Palm House, LLC, intends to secure a Loan from the Limited Partnership, using such funding to serve as Developer for the job-creating enterprise known as the Hotel Project. To that end, the Limited Partnership is soliciting investors under the EB-5 Immigrant Investor Program (EB-5 Program), which grants lawful conditional and permanent resident status in the United States to foreign investors who make qualifying investments (Qualifying Investments) under the provisions of 8 U.S.C. 1153 (b) (5) (A) (i)-(iii), (C) (the "Act"). In order to take advantage of the EB-5 Program, foreign investors must invest in the Limited Partnership and complete the required immigration procedures. All Qualifying Investments must be invested in projects structured to create at least 10 full time direct jobs for qualified U.S. workers, as set forth in the EB-5 Program.

PROJECT SUMMARY

The Project developer seeks financing to operate a business involving the renovation and development of a high-end resort hotel.

The Project developer will focus on extensively renovating and refurbishing an existing hotel structure on the island of Palm Beach in South Florida. The hotel will be remodeled as a 79-room, high-end resort hotel offering ancillary services (such as food and beverage, spa, salon, membership club, etc.).

Of course, the EB-5 program's primary focus is job creation. Palm House Hotel, LLLP is excited to be an important factor in investing in the creation of new jobs. The project described herein will provide a beneficial impact to the community, provide jobs, and provide a boost to the local and national economies.

EMPLOYMENT

The economic analysis conducted, using the latest USCIS-approved complex software programs and diagnostic models available (RIMS II), justifies the feasibility of the project by proving the economic benefits of the Hotel Project to all areas of the local economy and confirms that the Hotel Project not only meets but exceeds the United States employment generation requirements of the USCIS:

Table A. Summary of Employment and Revenue Estimates

Activity	Expenditure/Revenues (\$ million)	Final Demand Multiplier	Total Jobs
Hard Construction Costs	32.297	17.5636	567.2
Soft Costs	6.188	16.315	101.0
Purchases of FF&E *	2.5	7.9957	20.0
Hotel Operations	14.36	17.5069	251.4
Membership Fees *	2.0	7.046	14.1
Total	75.413		953.7
* Indirect and Induced effects only			

The econometric analysis quantifying the Hotel Project benefits to the state and local economy is a project specific analysis validating the Hotel Project opportunity and is included with the business plan.

FINANCES

Number of rooms	79
Available room-nights	28,835
Occupancy rate	61.0%
Occupied room-nights	17,589
Average Daily Rate	\$522.50
RevPAR	\$318.73
Room Revenue	\$9,190,435
Ancillary Revenue (F&B, etc.)	\$5,169,620
Total Revenue	\$14,360,055
Total Expenses	\$8,497,550
EBITDA	\$5,862,505

The above summation of the projected Year 2 (stabilized) income and expenses of the Hotel Project indicates that the Developer is well managed in the proper uses of cash flow to grow the concern through the judicious monitoring of variable and fixed costs resulting in profitability within a short time frame, allowing the Hotel Project to provide the projected return on investment to the investor/limited partner. Please see the full Business Plan and its attachments for the 5 year Pro Forma detail supporting the projections.

The foreign investor can have confidence that the Hotel Project will create the necessary number of jobs and economic benefits to assure the foreign investor that their application for residence status is and will continue in good standing.

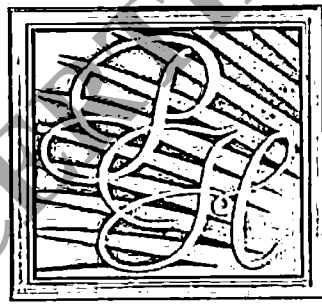
The Hotel Project has the expertise and experience of Palm House, LLC's management to further validate the high level of confidence that the goals and projections will be realized (please see the profiles in the Management section of the business plan).

EXHIBIT “16”

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LIMITED PARTNERSHIP AGREEMENT



LIMITED PARTNERSHIP AGREEMENT

OF

PALM HOUSE HOTEL, LLLP

a Florida Limited Liability Limited Partnership
County of Palm Beach

Dated 11/30/2012

Palm House Hotel, LLLP
197 S. Federal Highway, Suite 200
Boca Raton, FL 33432
Telephone: (561) 282-6102

LIMITED PARTNERSHIP AGREEMENT
Palm House Hotel, LLLP

11/30/2012

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**PALM HOUSE HOTEL, LLLP
LIMITED PARTNERSHIP AGREEMENT**

This Limited Partnership Agreement ("Agreement") is entered into and effective on 11/30/2012 by and between the undersigned listed as partners on Schedule A hereto (hereafter, the "General Partner", "Limited Partners", or collectively, the "Partners"), as amended from time to time; WHEREAS, the Partners have caused a Certificate of Limited Partnership to be filed with the Florida Secretary of State forming a limited partnership under the name "Palm House Hotel, LLLP" (the "Partnership"); WHEREAS, the Partnership is formed for the purpose of investing in Qualifying Investments under the EB-5 Pilot Program; and WHEREAS, the parties hereto desire to set forth certain understandings and agreements among them with respect to the affairs of the Partnership and the conduct of its business; NOW, THEREFORE, in consideration of the mutual covenants and promises set forth herein, the parties hereby agree as follows:

DEFINITIONS

Capitalized terms used in this Agreement shall have the meaning set forth below. Other terms defined throughout this Agreement shall have the meanings respectively ascribed to them.

"Offering" means that certain private offering of Units of limited partnership interest in the Partnership described in the Partnership's Private Offering Memorandum dated 11/30/2012.

"Project" means development and operation by Palm House, LLC, a Delaware limited liability company, of the Hotel Project described in the accompanying Business Plan.

"Adjusted Capital Contribution" means, with respect to each Partner, the aggregate capital contributed to the Partnership by such Partner reduced, from time to time, (i) by any return of a Capital Contribution made pursuant to this Agreement, and (ii) by the aggregate distributions of Net Proceeds from a Capital Event made to such Partner pursuant to this Agreement.

"Affiliate" means, with respect to any Partner, any Person: (i) which owns more than 50% of the voting interests in the Member; or (ii) in which the Partner owns more than 50% of the voting interests; or (iii) in which more than 50% of the voting interests are owned by a Person who has a relationship with the Partner described in clause (i) or (ii) above, or (iv) who otherwise controls, is controlled by, or under common control with, another Person.

"Agent" means any officer, director, employee, trustee, partner, agent or representative of a Partner acting for or on behalf of such Partner or the Partnership.

"Available Cash Flow" means funds provided from operation of the Partnership, without deductions for depreciation, but after deducting funds used to pay all expenses and debts of the Partnership, including administrative operational expenses, debt payments, capital improvements, and less the amount set aside by the General Partner, in the exercise of its sole discretion, for reserves.

"Bankruptcy" means, with respect to any Partner: (i) an assignment for the benefit of creditors; (ii) a voluntary petition in bankruptcy; (iii) adjudication as bankrupt or insolvent; (iv) the filing of a petition or answer seeking any reorganization, arrangement, composition, readjustment, liquidation or similar relief under any statute, regulation or law; (v) the filing of an answer or other pleading admitting or failing to contest the material allegations of a petition filed against

the Partner in any proceeding of this nature; (vi) seeking, consenting to, or acquiescing in the appointment of a trustee, receiver, or liquidator of such Partner's properties or of all or any substantial part of the Partner's properties; or (vii) any proceeding against the Partner seeking reorganization, arrangement, composition, readjustment, liquidation, dissolution, or similar relief under any statute, law, or regulation, that continues for one hundred twenty (120) days after the commencement thereof, or the appointment of a trustee, receiver, or liquidator for the Partner or all or any substantial part of the Partner's properties without the Partner's agreement or acquiescence, which appointment is not vacated or stayed for one hundred twenty (120) days or, if the appointment is stayed, for one hundred twenty (120) days after the expiration of the stay during which period the appointment is not vacated.

"Capital Contribution" means the total amount of cash and the fair market value of any other assets contributed (or deemed contributed under Regulation Section 1.704-1(b)(2)(iv)(d)) to the Partnership by a Partner, net of liabilities assumed or to which the assets are subject.

"Capital Event" means the refinance, sale, exchange or other disposition of Partnership Property or any portion thereof.

"Code" means the Internal Revenue Code of 1986, as amended, or any corresponding provision of any succeeding law or any corresponding provision, and all applicable Treasury Regulations.

"Deficit Capital Account" means the situation whereby the Partnership has made distributions to a Partner in excess of such Partner's Capital Account.

"EB-5 Limited Partners" means Limited Partners admitted to the Partnership as a result of Capital Contributions made into a Qualifying Investment, including the Offering (defined herein), under the EB-5 Pilot Program.

"EB-5 Minimum Capital Requirement" means the minimum capital investment required of EB-5 investors by USCIS to be at-risk under the EB-5 Pilot Program. The EB-5 Minimum Capital Requirement for the Project is \$500,000.

"EB-5 Pilot Program" means the program adopted by the U.S. Congress creating the EB-5 Regional Center Pilot Program.

"Economic Interest" means a Person's share of the Profits and Losses of, and the right to receive distributions from, the Partnership.

"General Partner" means South Atlantic Regional Center, LLC.

"Incapacity" means (i) the entry of a judgment by a court of competent jurisdiction to the effect that a Partner who is an individual is incompetent to manage such Partner's affairs, or the appointment of a guardian ad litem by a court of competent jurisdiction to manage such Partner's affairs; or (ii) the incapacity of a Partner who is an individual to perform his or her duties as a Partner as determined by (a) the vote of at least a majority of the Units not held by such Partner, and if such Partner is not in agreement with such determination, the certification of a physician selected by mutual agreement between such Partner and the holders of at least a majority of the Units not held by such Partner, or (b) the certification of a physician selected by the Partner and, if the holders of at least a majority of the Units not held by the Partner are not in agreement with such certification, the certification of a physician selected by mutual agreement between the Partner and the holders of at least a majority of the Units not held by such Partner.

"Interest Holder" means any Person who holds an Economic Interest, whether as a Partner or an un-admitted assignee of a Partner.

"Involuntary Withdrawal" means, with respect to any Partner, the occurrence of any of the following events: (i) the Bankruptcy of a Partner; (ii) if the Partner is an individual, the Partner's death or Incapacity; (iii) if the Partner is acting as a Partner by virtue of being a trustee of a trust, the termination of the trust; (iv) if the Partner is a partnership or limited liability company, the dissolution and commencement of winding up of the partnership or limited liability company; (v) if the Partner is a corporation, the dissolution of the corporation or the revocation of its charter; or (vi) if the Partner is an estate, the distribution by the fiduciary of the estate's entire interest in the Partnership.

"Limited Partner" means each Person who is admitted as a Limited Partner of the Partnership.

"Majority-In-Interest" means Partners holding a majority of all Partners' or Interest Holders', as the case may be, Economic Interests in the Partnership.

"Net Proceeds from a Capital Event" means the net proceeds derived by the Partnership from a Capital Event after payment or allowance for the expenses incurred in connection with such Capital Event and after payment or allowance for existing indebtedness (but not including any outstanding Secured Debt), the discharge of any other expenses or liabilities of the Partnership and the establishment of appropriate reserves, all as determined by the Managing General Partner, in its sole discretion.

"Partner" or **"Partners"** means each Person who has signed this Agreement and any Person who subsequently is admitted as a Partner of the Partnership.

"Partnership Interest" means all of the rights of a Partner in the Partnership, including a Partner's: (i) Economic Interest; and (ii) right to participate in the management of the Partnership as provided in this Agreement.

"Percentage" or **"Percentage Interest"** means, as to a Partner, the percentage set forth after the Partner's name on Schedule A, as amended from time to time, and as to an Interest Holder who is not a Partner, the Percentage of the Partner whose Economic Interest has been acquired by such Interest Holder, to the extent the Interest Holder has succeeded to that Partner's Economic Interest.

"Person" means and includes an individual, corporation, partnership, association, limited liability company, trust, estate, or other entity.

"Preferred Return" means the cumulative annual preferred distribution of Profits to EB-5 Limited Partners in an amount equal to 0.25% of each EB-5 Limited Partner's initial Capital Contribution. If Available Cash Flow is insufficient to pay all amounts due as Preferred Return hereunder at the end of any year, the unpaid balance thereof shall continue to accrue until the end of the next year, and from year to year until there is Available Cash Flow sufficient for payment in full of the Preferred Return. The ability of the Partnership to pay the Preferred Return is reliant upon the performance of the Partnership's investments and is therefore not guaranteed.

"Profits" and **"Losses"** mean, for each fiscal year, an amount equal to the Partnership's taxable income or loss for such year, determined in accordance with Code Section 703(a) (including all items required to be stated separately) with the following adjustments: (a) Any income exempt from federal income tax shall be included; and (b) Any expenditures of the Partnership described

in Code Section 705(a)(2)(B) (including expenditures treated as such pursuant to Treas. Reg. Section 1.704-1(b)(2)(iv)(i)) shall be subtracted.

"Property" or the **"Partnership Property"** means all real and personal property of the Partnership.

"Qualifying Investment" means an investment that will generate full-time employment positions, either directly or indirectly, for not fewer than ten U.S. workers per EB-5 Limited Partner whose Capital Contributions have been so applied.

"Regional Center" means South Atlantic Regional Center, a Florida limited liability company of 197 S. Federal Highway, Suite 200, Boca Raton, FL 33432. The Regional Center is an entity that has been approved by the USCIS as a designated regional center under the EB-5 Pilot Program, and is the sponsor of the Project.

"Regulations" or **"Treas. Reg."** means the income tax regulations promulgated under the Code as amended from time to time (including corresponding provisions of succeeding regulations).

"Transfer" means — when used as a noun — any sale, hypothecation, pledge, assignment, gift, bequest, attachment, or other transfer, including transfers by operation of law, and — when used as a verb — means to sell, hypothecate, pledge, assign, give, bequeath, or otherwise transfer.

"Units" means limited partnership units representing each Partner's undivided interest in the capital of the Partnership.

"USCIS" means the United States Citizenship and Immigration Services.

"Voluntary Withdrawal" means a Partner's disassociation with the Partnership by means other than a Transfer or an Involuntary Withdrawal.

ARTICLE 1 FORMATION OF THE PARTNERSHIP

1.1 **Formation of Limited Partnership.** The Partners have organized the Partnership pursuant to the provisions of the Florida Limited Partnership Act, as amended from time to time (the "Act"), under the name "Palm House Hotel, LLLP", intending the Partnership to be a limited partnership under the Act. Except as otherwise provided herein, all rights, liabilities and obligations of the Partners shall be as provided in the Act.

1.2 **Principal Place of Business and Agent for Service.** The principal place of business of the Partnership shall be 197 S. Federal Highway, Suite 200, Boca Raton, FL 33432, or at such other place in the State of Florida as may be designated by the General Partner. The Agent for Service of Process of the Partnership in the State of Florida is Joseph J. Walsh until otherwise determined by the General Partner.

1.3 **Purposes.** The purposes of the Partnership shall be to engage in any lawful acts or activities for which limited liability companies may be formed under the Act. Without limiting the foregoing, the Partnership was formed for the purpose of investing in Qualifying Investments under the EB-5 Pilot Program.

1.4 **Duration of the Partnership.** The Partnership shall commence on the date on which its Certificate of Limited Partnership was accepted and filed by the Florida Secretary of State, and shall continue in perpetuity until dissolved in accordance with this Agreement.

ARTICLE 2 CAPITALIZATION

2.1 **Units; Initial Capital Contributions.**

2.1.1 Each Partner's undivided interest in the capital of the Partnership shall be represented by Units. Each Limited Partnership Unit shall represent an interest in the capital of the Partnership and shall be identical in all respects to every other Limited Partnership Unit. Notwithstanding the foregoing, only EB-5 Limited Partners shall be entitled to Preferred Returns. Each General Partnership Unit shall represent an interest in the capital of the Partnership and shall be identical in all respects to every other General Partnership Unit. General Partnership Units and Limited Partnership Units shall have the relative rights and preferences accorded General Partners and Limited Partners set forth in this Agreement and the Act.

2.1.2 The Partnership shall be capitalized by each Partner contributing his or her Capital Contribution set forth on Schedule A attached hereto, with such Partner receiving, in exchange therefor, the Units set forth therein. The Capital Contribution of EB-5 Limited Partners shall be placed in escrow in accordance with that certain escrow agreement signed by EB-5 Limited Partners simultaneously herewith ("Escrow Agreement").

2.1.3 Together with his/her Capital Contribution, each EB-5 Limited Partner shall also concurrently make a Forty Thousand Dollar (US \$40,000.00) payment to the Partnership as an administrative fee (the "Administrative Fee") to pay the costs and expenses incurred in connection with the organization of the Partnership, negotiation of the Loan, and placement of the Units. The Administrative Fee shall not be considered a Capital Contribution to the Partnership.

2.1.4 An EB-5 Limited Partner shall be conditionally accepted to the Partnership upon receipt by the Partnership of his/her Capital Contribution and the Administrative Fee. The Capital Contribution shall be released from escrow and delivered to the Partnership upon the USCIS approval of the Form I-526 petition for such conditionally accepted EB-5 Limited Partner, in accordance with the Escrow Agreement. Upon release of the Capital Contribution to the Partnership, an EB-5 Limited Partner shall be admitted to the Partnership.

2.1.5 A Partner shall not have the right to demand or receive the return of such Partner's Capital Contribution except as otherwise expressly provided herein. The Partners shall have no obligation to make additional Capital Contributions. The Partners may make an additional Capital Contribution to the Partnership upon consent of the General Partner. No interest shall be paid on Capital Contributions.

2.1.6 Interest will be charged by the Partnership to a Partner on the sum of any deemed distributions charged to such Partner's Capital Account from obligations to the Partnership

arising under Section 4.8 concerning federal income tax withholding. The interest charged will be computed on a calendar year compounded basis at a rate equal to two percent above the prime rate of interest from time to time announced by Bank of America, or its successors, to be its "prime rate," such interest to be collected by reduction of any distributions payable to the Partner immediately following the calculation of the year's interest by the General Partner. To the extent that there are no distributions against which the interest can be applied, then the interest will be charged to the Partner's Capital Account. This Section 2.1.4 will survive the termination of a Partner's status as a Partner.

2.1.7 No Partner shall have any right to withdraw or make a demand for the withdrawal of any of such Partner's Capital Contribution (or the capital interest reflected in such Partner's Capital Account) until the full and complete winding up and liquidation of the Partnership. No Partner shall have the right to demand Partnership Property.

2.1.8 Loans or advances by any Partner to the Partnership can only be made after and in addition to a Partner's initial Capital Contribution. Loans or advances by any Partner to the Partnership shall not be considered additional Capital Contributions and shall not increase the Capital Account of the lending or advancing Partner. No Partner shall be required to lend any cash or property to the Partnership.

2.2 Capital Accounts.

2.2.1 The Partnership shall establish and maintain Capital Accounts ("Capital Accounts") for each Partner in accordance with the Code, applicable Regulations, and the provisions hereof. Except as required by the Code, the Capital Account of each Partner shall consist of his Capital Contribution, as increased by any contribution of capital subsequent to his original Capital Contribution, and by such Partner's share of Partnership income and gain allocated after the date hereof to such Partner, and as decreased by the amount of all cash and the fair market value of all property and assets distributed to such Partner, the amount of all losses allocated after the date hereof to such Partner, and any amounts charged under Section 4.8 to such Partner.

2.2.2 The provisions of this Article 2 as they relate to the maintenance of Capital Accounts are intended, and shall be construed, and, if necessary, modified to cause the allocations of profits, losses, income, gain and credit to have substantial economic effect under the Regulations promulgated under the Code, in light of the distributions and the Capital Contributions made pursuant hereto. All allocations of items that cannot have economic effect (including credits and nonrecourse deductions) shall be allocated to the Partners in accordance with their respective Percentage Interests. Notwithstanding anything herein to the contrary, this Agreement shall not be construed as creating a deficit restoration obligation.

2.2.3 The Capital Account of a transferring Partner shall become the Capital Account of the transferee to the extent it relates to the Units transferred.

ARTICLE 3 ALLOCATIONS AND DISTRIBUTIONS

3.1 Allocation of Profits and Losses. Profits and Losses for each fiscal year shall be allocated among Partners in the following order and priority: (a) First, to Partners in accordance with their Adjusted Capital Contributions, payable in proportion to the unpaid amounts thereof; and (b) The balance, to Partners in accordance with their respective Percentage Interests.

To the extent the allocations of profits and losses otherwise provided under this Agreement are not made in accordance with a Member's Interest in the Company within the meaning of Code Section 704, the allocations shall be made to the appropriate Members in the necessary and required amounts in order to comply with Code Section 704(b). The General Partner shall be authorized to make appropriate amendments to the allocations of items pursuant to this Section 3.1 if necessary, in the discretion of the General Partner, in order to comply with Code Section 704 or applicable Regulations thereunder; provided that no such change shall have a material adverse effect upon the amount distributable to any Member hereunder.

In the event Members are admitted to the Company pursuant to this Agreement on different dates, the Company Profits (or Company Losses) allocated to the Members for each Fiscal Year during which Members are so admitted shall be allocated among the Members in proportion to their Percentage Interests during such Fiscal Year in accordance with Section 706 of the Code, using any convention permitted by law and selected by the Manager.

3.2 Limitation on Allocation of Losses. Notwithstanding the foregoing, the Losses allocated pursuant hereto shall not exceed the maximum amount of Losses that can be so allocated without causing any Partner to have a Deficit Capital Account at the end of any fiscal year. In the event some but not all of the Partners would have a Deficit Capital Account as a consequence of an allocation of Losses pursuant hereto, the limitation set forth in this Section 3.2 shall be applied on a Partner by Partner basis so as to allocate the maximum permissible Losses to each Partner under Regulation Section 1.704- 1(b)(2)(ii)(d).

3.3 Deficit Capital Accounts at Liquidation. Partners shall have no liability to the Partnership, to the Partners, or to the creditors of the Partnership on account of any deficit balance in their Capital Accounts upon liquidation of the Partnership, provided, however, that any Partner for whom any charges have been made to his Capital Account by reason of the obligations described in Section 4.8 is required to pay to the Partnership the amount of any negative balance in his Capital Account, but such payment shall not exceed the obligations under Section 4.8. This Section 3.3 will survive the termination of a Partner's status as a Partner. A Partner must also pay any attorneys' or accountants' fees actually and reasonably incurred by the Partnership or the General Partner in collecting amounts under this provision from any Partner.

3.4 Distributions. The General Partner shall determine the timing, amount, if any, and form (cash or property) of all distributions to Partners in its sole discretion and notwithstanding any other provision of this Agreement.

3.4.1 Available Cash Flow. Subject to the limitations set forth in Section 3.5, Available Cash Flow shall be distributed on an annual basis, as follows:

- (a) to Partners in amounts required by Section 3.6, Mandatory Distributions;
- (b) then to EB-5 Limited Partners pro rata in accordance with each EB-5 Limited Partner's Adjusted Capital Contribution in an amount up to each EB-5 Limited Partner's accrued unpaid Preferred Return, less any amounts then due and owing by such EB-5 Limited Partner to the Partnership, including his/her Additional Administrative Fees;
- (c) then to EB-5 Limited Partners pro rata in accordance with each EB-5 Limited Partner's Adjusted Capital Contribution in an amount up to each EB-5 Limited Partner's Adjusted Capital Contribution;
- (d) then to Partners other than EB-5 Limited Partners pro rata in accordance with such Partners' Adjusted Capital Contribution in an amount up to each such Partner's Adjusted Capital Contribution; and
- (e) then to the General Partners in accordance with their respective Percentage Interests.

3.4.2 Net Proceeds from a Capital Event or from Dissolution. The Net Proceeds from a Capital Event and/or a distribution resulting from the dissolution of the Partnership shall be distributed in the same manner as Available Cash Flow, as set forth in 3.4.1 above. Net Proceeds from a Capital Event and/or a distribution from the dissolution of the Partnership shall be distributed to Partners within 120 days of such Capital Event or dissolution of the Partnership.

3.5 Limitation on Distributions. Notwithstanding any other provision of this Article 3, the Partnership shall not make a distribution:

3.5.1 To the extent that at the time of the distribution, after giving effect to the distribution, all liabilities of the Partnership, other than liabilities to Partners on account of their Partnership Interests, exceed the fair value of the assets of the Partnership.

3.5.2 To EB-5 Limited Partners to the extent that such distributions result in their Capital Accounts being less than the EB-5 Minimum Capital Requirement. After the approval of any individual EB-5 Limited Partner's I-829 application by USCIS, the foregoing restriction shall no longer apply.

3.5.3 To the extent that such distribution is prohibited under the Act.

3.6 Mandatory Distributions. The Partnership shall make distributions from Available Cash Flow to Partners for the payment of taxes incurred by such Partner as a result of allocation of Profits to such Partner by the Partnership. The amount distributable with respect to any year shall be equal to the aggregate amount of U.S. Federal, state and local income taxes payable by the Partners with respect to the taxable income of the Partnership, assuming, for purposes of

determining the amount of such distribution, that each Partner will be taxed on the net amount set forth in the Partner's respective K-1 at the highest marginal individual Federal income tax rate for such year, and at the highest marginal individual state and local income tax rates applicable to any Partner for each such taxable year. Such distributions shall be made within 90 days of the end of the Partnership's fiscal year or such other time or times as may be determined by the General Partner.

3.7 Record Date. All items of Partnership income, gain, loss and deduction shall be allocated, and all distributions shall be made, to the Persons shown on the records of the Partnership to have been Partners as of the last day of the taxable year for which the allocation or distribution is to be made. Notwithstanding the foregoing, if any Units in the Partnership shall be transferred during a taxable year, items of Partnership income, gain, loss and deduction for such period shall be allocated among the original Partners and the successor on the basis of the number of days each was a Partner during such period; provided, however, that if the Partnership has any extraordinary non-recurring items for the taxable year in which the transfer of Units occurs, such period shall be segregated into two or more segments in order to account for income, gain, loss, deductions or proceeds attributable to such extraordinary non-recurring items of the Partnership.

ARTICLE 4 MANAGEMENT

4.1 The General Partner. The business and the affairs and all powers of the Partnership shall be exercised exclusively by the General Partner. The General Partner may resign at any time. In the event of resignation of the General Partner, the remaining Partners shall elect one or more new General Partners by the vote of a Majority-In-Interest of the remaining Partners. If the General Partner is an individual, upon the death or incapacity of the General Partner, the personal representative of the General Partner shall appoint a new General Partner. If the General Partner is a legal entity, upon the liquidation or termination of the General Partner the remaining Partners shall elect one or more new General Partners by the vote of a Majority-In-Interest of the remaining Partners.

4.2 Authority and Powers of the General Partner. The General Partner shall have the exclusive right and power to manage, operate and control the Partnership and to do all things and make all decisions necessary or appropriate to carry on the business and affairs of the Partnership. In addition to the specific rights and powers herein granted to the General Partner, the General Partner shall possess and enjoy and may exercise all the rights and powers of a General Partner under the Act, including the full and exclusive power and authority to act for and to bind the Partnership. The scope of the General Partner's power and authority shall encompass all matters connected with or incident to the business of the Partnership, including but not limited to the power and authority:

4.2.1 To spend and or invest the capital and revenue of the Partnership to maximize return to the Partnership, including the acquisition of the Partnership Property;

4.2.2 To manage, sell, develop, purchase, mortgage, improve, operate and dispose of Partnership Property;

4.2.3 To employ persons, firms and/or corporations for the sale, operation, management, syndication and development of Partnership Property, including but not limited to sales agents, broker-dealers, attorneys and accountants;

4.2.4 To employ agents, attorneys, accountants, engineers and other consultants or contractors who may be Affiliates of a Partner or the General Partner; however, any employment of such persons must be on terms not less favorable to the Partnership than those offered by unaffiliated persons for comparable services in the same area;

4.2.5 To acquire and or sell Partnership Property or property in which the Partnership has an interest, lease real property, borrow on a secured or unsecured basis in the name of the Partnership, grant Partnership Property as security for a loan to the Partnership;

4.2.6 To hire and fire employees, and appoint agents/representatives to manage the day-to-day operations of the Partnership;

4.2.7 To execute, acknowledge and deliver any and all instruments to effectuate any of the foregoing powers and any other powers granted to the General Partner under the laws of the State of Florida or other provisions of this Agreement, and to take all other acts necessary, appropriate, or helpful for the operation of the Partnership business;

4.2.8 To enter into such agreements and contracts with parties and to give such receipts, releases and discharges, with respect to the business of the Partnership, which the General Partner, in its sole discretion, deems necessary or appropriate to own, sell, improve, operate and dispose of Partnership Property or to effectively and properly perform its duties or exercise its powers hereunder;

4.2.9 To purchase, at the expense of the Partnership, such liability and other insurance as the General Partner, in its sole discretion, deems advisable to protect the Partnership's assets and business; however, the General Partner shall not be liable to the Partnership or the other Partners for failure to purchase any insurance, including earthquake insurance, unless such act or omission constitutes gross negligence or willful misconduct;

4.2.10 To sue and be sued, complain, defend, settle, and/or compromise, with respect to any claim in favor of or against the Partnership, in the name and on behalf of the Partnership; and

4.2.11 To grant Partnership Property as security for a loan to the Partnership, and sign all documents required to grant such security interests in Partnership property, without the signatures or consents of the Partners provided that such borrowing is in furtherance of the purpose of the Partnership.

4.3 Liability of the General Partner. A General Partner shall not have any liability to the Partnership or to any Partner for any mistakes or errors in judgment, or for any act or omission

believed in good faith to be within the scope of authority conferred by this Agreement. A General Partner shall be liable only for acts and/or omissions involving intentional wrongdoing. Actions or omissions taken in reliance upon the advice of legal counsel that they are within the scope of a General Partner's authority hereunder shall be conclusive evidence of good faith; provided, however, a General Partner shall not be required to procure such advice to be entitled to the benefit of this subparagraph.

4.4 Time Devoted to Partnership; Other Ventures. The General Partner shall devote so much of their time to the business of the Partnership as in its judgment the conduct of the Partnership's business reasonably requires. The General Partner may engage in business ventures and activities of any nature and description independently or with others, whether or not in competition with the business of the Partnership, and neither the Partnership nor any of the other Partners shall have any rights in and to such independent ventures and activities or the income or profits derived therefrom by reason of the acquisition of Units.

4.5 Books and Records.

(a) The General Partner shall maintain or cause to be maintained complete and accurate books of account (containing such information as shall be necessary to record allocations and distributions), and make such records and books of account available for inspection by any Partner, or any Partner's duly authorized representative, during regular business hours and at the principal office of the Partnership, upon reasonable notice and for any purpose related to his or her ownership of Units.

(b) Within sixty (60) days after the end of each calendar year, there shall be prepared and distributed to all Partners reasonable tax-reporting information, in sufficient detail to enable such Partner to prepare such Partner's federal, state and local income tax returns.

(c) Within ninety (90) days after the end of each calendar year, there shall be prepared and distributed to each Partner, a balance sheet, and a report of the receipts, disbursements, net profits and losses, and cash flow of the Partnership, and the share of the net profits and losses and cash flow of each Partner for such calendar year. Such balance sheet and report shall be prepared by the Partnership's accountant in accordance with the method of accounting used by the Partnership for tax purposes.

4.6 Tax Returns. The taxable year of the Partnership shall be the calendar year. The General Partner shall, at Partnership expense, cause the Partnership to prepare and file all tax returns required to be filed by the law for each fiscal year of the Partnership.

4.7 Tax Elections and Adjustments. The General Partner is authorized to cause the Partnership to make, forego or revoke such elections or adjustments for federal income tax purposes as it deems necessary or advisable in its sole discretion, provided such elections or adjustments are consistent with federal income tax rules and principles, including but not limited to, in the event of a transfer of all or part of the Units of any Partner, an election pursuant to Section 754 of the Code to adjust the basis of the assets of the Partnership or any similar

provision enacted in lieu thereof. The Partners will, upon request, supply any information necessary to properly give effect to any such election or adjustment.

4.8 Federal Income Tax Withholding. The General Partner is authorized to withhold any sums required by the Internal Revenue Code even if such withholding conflicts with any of the terms and conditions of this Agreement or otherwise affects distributions, allocations or payments to the Partners. In the event that the General Partner learns of a withholding obligation subsequent to the distribution to which the withholding obligation relates, the General Partner will issue an invoice to the Partner. If the invoice is not paid within sixty (60) days, the General Partner will charge the amount against the Partner's Capital Account. This Section will survive the termination of a Partner's status as a Partner.

ARTICLE 5 INDEMNIFICATION

5.1 Third Party Actions. The Partnership may indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative, or investigative, including all appeals (other than an action, suit or proceeding by or in the right of the Partnership) by reason of the fact that he is or was a partner, officer or employee of the Partnership, or is or was serving at the request of the Partnership as a partner, trustee, officer or employee of another company, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, decrees, fines, penalties and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the Partnership and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interest of the Partnership and, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

5.2 Derivative Actions. The Partnership may indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit, including all appeals, by or in the right of the Partnership to procure a judgment in its favor by reason of the fact that he is or was a limited partner or general partner, officer or employee of the Partnership, or is or was serving at the request of the Partnership as a member, General Partner, trustee, officer or employee of another company, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees) actually and reasonably incurred by him in connection with the defense or settlement of such action or suit if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Partnership, except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been finally adjudged to be liable for negligence or misconduct in the performance of his duty to the Partnership unless and only to the extent that the court in which such action or suit was brought shall determine upon application that, despite the adjudication of

liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses as the court shall deem proper.

5.3 Rights After Successful Defense. To the extent that a Partner, General Partner, officer or employee has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in Section 5.1 or 5.2, or in defense of any claim, issue or matter therein, he shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him in connection therewith.

5.4 Other Determination of Rights. Except in a situation governed by Section 5.3, any indemnification under Section 5.1 or 5.2 (unless ordered by a court) shall be made by the Partnership only as authorized in the specific case upon a determination that indemnification of the Partner, General Partner, officer or employee is proper in the circumstances because he has met the applicable standard of conduct set forth in Section 5.1 or 5.2. Such determination shall be made by the General Partner.

5.5 Advances of Expenses. Expenses of each person indemnified hereunder incurred in defending a civil, criminal, administrative or investigative action, suit or proceeding (including all appeals), or threat thereof, may be paid by the Partnership in advance of the final disposition of such action, suit or proceeding as authorized by the General Partner upon receipt of an undertaking by or on behalf of the Partner, General Partner, officer or employee, to repay such amount unless it shall ultimately be determined that he is entitled to be indemnified by the Partnership.

5.6 Nonexclusiveness; Heirs. The indemnification provided by this Article shall not be deemed exclusive of any other rights to which those seeking indemnification may be entitled as a matter of law or under the Certificate of Limited Partnership, or any agreement, any insurance purchased by the Partnership, or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be a Partner, General Partner, officer or employee and shall inure to the benefit of the heirs, executors and administrators of such a person.

5.7 Purchase of Insurance. The Partnership may purchase and maintain insurance on behalf of any person who is or was a Partner, General Partner, officer or employee of the Partnership, or is or was serving at the request of the Partnership as a General Partner, officer or employee of another company, partnership, joint venture, trust or other enterprise against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the Partnership would have the power to indemnify him against such liability under the provisions of this Article or of the Act.

ARTICLE 6 EXPENSES

6.1 Partnership Expenses. The Partnership shall pay all costs and expenses related to the conduct of its business, including those relating to investing in Qualifying Investments, which may include, but are not limited to: (1) All costs of personnel employed by the Partnership or

performing services for the Partnership; (2) All costs of borrowed money including repayment of advances to the Partnership made by a Partner; (3) All administrative costs, including fees charged by the Regional Center in connection with administration of the Project, legal, audit, accounting, brokerage and other fees; (4) Printing and other expenses and taxes incurred in connection with the issuance, distribution, transfer, registration and recording of documents evidencing ownership of Units of the Partnership or in connection with the business of the Partnership; (5) Fees and expenses paid to contractors, mortgage bankers, brokers and services, leasing agents, consultants, on-site General Partners, real estate brokers, insurance brokers and other agents, including Affiliates of the Partnership, the General Partner or any Partner; (6) Expenses in connection with the acquisition, preparation, operation, improvement, development, disposition, replacement, alteration, repair, remodeling, refurbishment, leasing, and financing and refinancing of Partnership property; (7) The cost of insurance obtained in connection with the business of the Partnership; (8) Expenses of organizing, revising, amending, converting, modifying or terminating the Partnership; (9) Expenses in connection with distributions made by the Partnership to, and communications and bookkeeping and clerical work necessary in maintaining relations with, Partners; (10) Expenses in connection with preparing and mailing reports required to be furnished to Partners for required tax reporting, or other purposes which the General Partner deems appropriate; (11) Costs incurred in connection with any litigation, including any examination or audits by regulatory agencies; and (12) Costs of preparation and dissemination of informational material and documentation relating to potential sale, refinancing or other disposition of Partnership property.

ARTICLE 7 PARTNERS

7.1 **Partners.** The General Partner shall at all times maintain a current and a past list setting forth (in alphabetical order) the full name, last known mailing address (including full street number), the class and number of Units, and Percentage Interest of each current and former Partner of the Partnership. The names, full residential addresses, number of Units, and Percentage Interest of the initial Partners of the Partnership are as reflected on Schedule A of this Agreement and are hereby made a part hereof. With each change in the Partnership's Partners (or any information on Schedule A), the Partnership shall revise such list to reflect such changes. Partners shall have only the rights and powers set forth in this Agreement unless otherwise provided by the Act.

7.2 **General Partners.** The Partnership shall at all times have at least one General Partner, as defined by the Act, that is subject to the liabilities of a partner in a partnership without limited partners to persons other than the partnership and other partners. The sole initial General Partner shall be listed in: Schedule A as amended from time to time.

7.3 **Limited Partners.** The Partnership shall at all times have at least one limited partner as defined by the Act. The Limited Partners of the Partnership shall be listed in Schedule A, as amended from time to time. The Partnership shall have two classes of limited partners unless and until one or more additional classes are authorized by the General Partner. EB-5 Limited Partners shall constitute a class of Limited Partners that shall have all of the rights of a Limited Partner set forth herein in addition to the right to Preferred Returns.

7.4 **Meetings.** Meetings of the Partners may be called only by the General Partner. Not less than seven or more than sixty days before the date fixed for a meeting of Partners, written notice stating the time and place of the meeting, and in the case of a special meeting the purposes of such meeting, shall be given by or at the direction of the General Partner. The notice shall be given by personal delivery or by mail to each Partner entitled to notice of the meeting who is of record as of the day next preceding the day on which notice is given or, if a record date therefor is duly fixed, of record as of said date; if mailed, the notice shall be addressed to the Partners at their respective addresses as they appear on the records of the Partnership. Notice of the time, place and purposes of any meeting of Partners may be waived in writing, either before or after the holding of such meeting, by any Partners, which writing shall be filed with or entered upon the records of the meeting. The attendance of any Partners at any such meeting without protesting the lack of proper notice, prior to or at the commencement of the meeting, shall be deemed to have waived notice of such meeting.

7.5 **Quorum; Adjournment.** At any meeting of Partners, whether present in person or by proxy, a Majority-In-Interest of Partners shall constitute a quorum for such meeting; provided, however, that no action required by law or by the Certificate of Limited Partnership to be authorized or taken by a designated proportion of the Percentage Interests of the Partnership, or a particular class thereof, may be authorized or taken by a lesser proportion; and provided, further, that the holders of a majority of the Percentage Interests represented thereat, whether or not a quorum is present, may adjourn such meeting from time to time; if any meeting is adjourned, notice of such adjournment need not be given if the time and place to which such meeting is adjourned are fixed and announced at such meeting. If permitted by the General Partner, Partners may participate in any meeting through telephonic or similar communications equipment by means of which all persons participating in the meeting can hear one another, and such participation shall constitute presence in person at such meeting.

7.6 **Voting of Limited Partners.** On any matter presented by the General Partner, in its sole discretion, to the Limited Partners or any class thereof for their vote, each Limited Partner shall have one vote for each Unit owned by him. Limited Partners entitled to vote or to act with respect to Units in the Partnership may vote or act in person or by proxy. The person appointed as proxy need not be a Limited Partner. Unless the writing appointing a proxy otherwise provides, the presence at a meeting of the person having appointed a proxy shall not operate to revoke the appointment. Notice to the Partnership, in writing or in open meeting, of the revocation of the appointment of a proxy shall not affect any vote or act previously taken or authorized. The following actions shall require the approval of Limited Partners holding a majority of the then outstanding Units held by Limited Partners: (i) any modification to this Agreement materially changing the rights of the Limited Partners; and (ii) dissolution of the Company prior to the end of the fifth year after admission of the last EB-5 Limited Partner.

7.7 **Action Without a Meeting.** Any action which may be authorized or taken at a meeting of Partners may be authorized or taken without a meeting in a writing or writings signed by all of the Partners entitled to vote on such matter, which writing or writings shall be filed with or entered upon the records of the Partnership. A facsimile, photographic, photostatic or similar

transmission or reproduction of a writing signed by a Partner, shall be regarded as signed by the Partner for purposes of this Section.

ARTICLE 8 RESTRICTIONS ON TRANSFER

8.1 Transfers. No EB-5 Limited Partner may voluntarily Transfer all, or any portion of, or any interest or rights in, his/her Partnership Interest. Each EB-5 Limited Partner acknowledges the reasonableness of this prohibition in view of the purposes of the Partnership and the relationship of the Partners. The voluntary Transfer of any Partnership Interests, including Economic Interests, in violation of the prohibition contained in this Section 8.1 shall be deemed invalid, null and void, and of no force or effect. Any Person to whom Partnership Interests are attempted to be transferred in violation of this Section 8.1 shall not be entitled to vote, receive distributions from the Partnership, or have any other rights in or with respect to the Partnership Interests. All Partners other than EB-5 Limited Partners may freely transfer his/her Units with consent of the General Partner.

8.2 Voluntary Withdrawal. No Limited Partner shall have the right or power to Voluntarily Withdraw from the Partnership. Any Voluntary Withdrawal in violation of this Agreement shall entitle the Partnership to damages for breach, which may be offset against the amounts otherwise distributable to such Limited Partner.

8.3 Involuntary Withdrawal. Immediately upon the occurrence of an Involuntary Withdrawal, the successor of the withdrawing Partner shall thereupon become an Interest Holder, but shall not become a Partner. The successor Interest Holder shall have all the rights of an Interest Holder, but shall not be entitled by reason of the withdrawal to receive in liquidation of the Partnership Interest, the fair market value of the withdrawing Partner's Economic Interest.

8.4 Right of First Refusal.

8.4.1 Voluntary Transfer. If any EB-5 Limited Partner intends to transfer his or her Units or any part thereof to any person or entity, after obtaining approval required hereunder, such Partner shall give written notice to the Partnership of his intention so to transfer. The notice, in addition to stating the fact of the intention to transfer a Partnership Interest, shall describe (i) the Partnership Interest to be transferred, (ii) the name, business and residence address of the proposed transferee, (iii) whether or not the transfer is for valuable consideration, and (iv) if so, the amount of the consideration and the other terms of the sale. The Partnership shall promptly send a copy of such notice to all other Partners.

8.4.2 Partnership Option. Within thirty (30) days after the receipt by the Partnership of the notice of intention to transfer Units, the Partnership may exercise an option, which is hereby granted by the Partner intending to Transfer his or her Units, to purchase the Units proposed to be transferred, for the price and upon the other terms hereinafter provided. The Partnership may, at its election, terminate its option period by giving a notice to the selling Partner and all other Partners that the Partnership has elected not to exercise its option granted in this Section 8.4.2.

8.4.3 General Partner Option. In the event that the option granted to the Partnership in Section 8.4.2 is not exercised in its entirety, then the remaining General Partner(s) of the Partnership may, within the earlier of (i) sixty (60) days from receipt of notice of intention to transfer from the transferring General Partner, or (ii) thirty (30) days from receipt of notice that the Partnership has elected not to exercise its option, exercise an option which is hereby granted, to purchase all of the Units for the price and upon the other terms hereinafter provided. If more than one General Partner exercises the option hereunder, such General Partners (hereinafter, the "**Participating General Partners**") shall be entitled to purchase a proportion of the Units proposed to be transferred determined by a fraction, the numerator of which shall be equal to the Units owned by each such Participating General Partner and the denominator of which shall be equal to the aggregate Units owned by all Participating General Partners, or such other proportion of such Units as shall be agreed upon in writing by all Participating General Partners. The option granted to the General Partners in this Section 8.4.3 shall expire at the end of the option period herein granted if options for all of the Units are not exercised by the last date of such option period.

8.4.4 Limited Partner Option. In the event that the option granted to the Partnership in Section 8.4.2 is not exercised in its entirety, and the option granted to the General Partner in Section 8.4.3 is not exercised in its entirety, then the remaining Limited Partners of the Partnership may, within the earlier of:

- (i) seventy five (75) days from receipt of notice of intention to transfer from the transferring Partner, or
- (ii) thirty (30) days from receipt of notice that the General Partners have elected not to exercise their option, exercise an option which is hereby granted, to purchase all of the Units for the price and upon the other terms hereinafter provided. If more than one Limited Partner exercises the option hereunder, such Limited Partners (hereinafter, the "**Participating Limited Partners**") shall be entitled to purchase a proportion of the Units proposed to be transferred determined by a fraction, the numerator of which shall be equal to the Units owned by each such Participating Limited Partner and the denominator of which shall be equal to the aggregate Units owned by all Participating Limited Partners, or such other proportion of such Units as shall be agreed upon in writing by all Participating Limited Partners. The option granted to the Limited Partners in this Section 8.4.4 shall expire at the end of the option period herein granted if options for all of the Units are not exercised by the last date of such option period.

8.4.5 Involuntary Transfer. If a Partner's Units are transferred by operation of law to any person (such as, but not limited to, a deceased Partner's estate, a Partner's trustee in bankruptcy, a purchaser at any creditor's or court sale or the guardian or conservator of an incompetent Partner), the Partnership within forty-five (45) days of the receipt by it of actual notice of the transfer may exercise its option, which is hereby granted, and, if not exercised by the Partnership, the General Partners within sixty (60) days of the receipt of actual notice of the transfer may exercise their respective options, which are hereby granted, and if not exercised by the General Partner, the Limited Partners within seventy-five (75) days of receipt of actual notice of the transfer may exercise their respective options, which are hereby granted to purchase the

Units so transferred for the price determined pursuant to Section 8.4.9 below and in the same manner as provided in Sections 8.4.2, 8.4.3 and 8.4.4 with respect to Units proposed to be transferred.

8.4.6 Exercise of Options. The purchase options granted in this Section 8.4 shall be exercised by delivery of written notice of exercise within the time periods provided in said section to the transferring Partner and/or the proposed transferee in the case of a transfer pursuant to Section 8.4.2, 8.4.3 or 8.4.4, as the case may be.

8.4.7 Failure to Exercise Option. If the purchase options are not exercised in compliance with this Section 8.4, then the Units may be transferred to the proposed transferee named in the notice required by Section 8.4.1, and upon the terms therein stated, or to the transferee in the case of an Involuntary Withdrawal, within thirty (30) days after the expiration of the option period granted in Section 8.4.4. In the case of a Transfer as the result of an Involuntary Withdrawal, unless otherwise prohibited therein, the Units, after the expiration of the option periods set forth therein shall, in the hands of the transferee, be subject to the provisions of this Agreement. A subsequent transferee under Section 8.4 shall thereafter be subject to the terms of this Agreement as if such transferee had originally executed it. Unless and until admitted as a Partner, any transferee of any Partnership Interest or portion thereof, shall be merely an Interest Holder and subject to the terms of this Agreement.

8.4.8 Transfers Not in Compliance with this Section. If a Transfer is not upon the terms or is not to the transferee stated in the notice required of the transferring Partner by Section 8.4.1, or is not within the time periods provided, or the transferor, after the transfer, reacquires the transferred Partnership Interest, the Partnership Interest transferred shall remain subject to this Partnership Agreement as if no transfer had been made.

8.4.9 Fair Market Value.

8.4.9.1 The value of each Unit to be purchased and sold upon exercise of the option granted in Section 8.4.5 shall be its Fair Market Value determined pursuant to an independent appraisal performed by an independent appraisal firm qualified in valuing interests in comparable companies in the same industry to determine the Fair Market Value and to prepare a written appraisal of any Units to be repurchased upon exercise of the option granted in Section 8.4.5. Without limiting the appraiser's consideration of any particular relevant fact in preparing its appraisal, the appraiser shall take into account (i) the criteria discussed in the previous sentence in determining the Fair Market Value of any Units (or portion thereof), (ii) the fact that only the Economic Interest is being transferred, if applicable, and (iii) in such a case, the transferring Partner's death. The Fair Market Value of the Units shall be determined as of the last day of the month preceding the month in which the transfer of the Partnership Interest occurred, unless the transfer shall have occurred within three (3) months prior to or within three (3) months after the end of a fiscal year of the Partnership, in which case Fair Market Value shall be determined as of the last day of such fiscal year.

8.4.9.2 In the event the transferee disagrees with the Fair Market Value determined by the independent appraiser pursuant to Section 8.4.9.1, such transferee shall notify the remaining

Partners in writing within thirty (30) days after such transferee receives the notice from remaining Partners of the determination of Fair Market Value prescribed in Section 8.4.8.1 above. If the remaining Partners and such transferee cannot agree on such Fair Market Value within thirty (30) days after the receipt by the remaining Partners of the transferee's notice disagreeing with such determination, then the issue shall be referred to two (2) appraisers, one of which shall be the remaining Partner's existing appraiser and one of which shall be selected by the transferee. If such appraisers cannot agree upon a Fair Market Value within thirty (30) days after they are appointed as provided for above, then the issue shall be referred to an appraiser selected by the appraisers selected by the remaining Partners and the transferee. The parties to the dispute shall cause such additional appraiser to render within thirty (30) days after its appointment a decision regarding the Fair Market Value, such decision shall be binding on the parties to the dispute for the purpose of this Section 8.4.9.

8.4.9.3 The Partnership shall bear the fees and expenses of the appraiser selected by the remaining Partner under Section 8.4.9.1. The Partnership shall also bear the fees and expenses of the appraiser selected by the transferee and the additional appraiser selected under Section 8.4.9.2 in the event the Fair Market Value finally determined pursuant to Section 8.4.9.2 is more than 10% greater than the Fair Market Value initially proposed by the remaining Partners (or an appraiser chosen by the General Partner under Section 8.4.9.2); and, provided, further, however, that if the Fair Market Value of the Units of more than one transferring Partner is the subject of any appraiser's determination under this Section 8.4.9, then each transferee shall pay his or her pro rata share (based upon the Fair Market Value of all such transferees' interests) of the fees and expenses, if any, required to be borne by such transferees under this Section 8.4.9.

8.4.9.4 Notwithstanding anything to the contrary herein, no payment of the purchase price under this Article 8 may be made to any selling Partner or his or her legal representatives to the extent the remaining Partners determine that (a) such payment would cause an event of default or potential event of default to occur under the terms of any credit agreement to which the Partnership is a party, (b) the Partnership is unable to fund such payment out of available cash or secure reasonable financing to make such payment, or (c) such payment would otherwise have a materially negative impact on the Partnership or its business. In such circumstance, the Partnership agrees that it shall use its good-faith efforts to (a) have such default or potential event of default waived with respect to such payment, (b) secure such reasonable financing, or (c) pay that portion of such payment that does not cause a materially negative impact on the Partnership or its business and pay the remainder of any such payment as soon as practicable without causing such a materially negative impact. In addition, each selling Partner hereby agrees and acknowledges that the right to receive any payment of purchase price shall be forfeited by such selling Partner if prior to the making of such payment the remaining Partners determine that the selling Partner has breached the terms of this Partnership Agreement (which breach remains uncured).

8.4.10 Purchase Price. The price of each Unit to be purchased and sold under this Agreement shall be as follows:

8.4.10.1 A purchase of Units pursuant to the options granted under Sections 8.4.2, 8.4.3 or 8.4. shall be the consideration set forth in the notice required of a selling Partner by Section 8.4.1.

8.4.10.2 Subject to 8.4.10.3, a purchase of Units pursuant to the option granted under Section 8.4.5 shall be for a price equal to one hundred (100%) percent of the Fair Market Value of Units established under Section 8.4.9.

8.4.10.3 Notwithstanding the foregoing, or any other terms of this Agreement, a purchase of Units of an EB-5 Limited Partner pursuant to the option granted under Section 8.4.5 shall be for a price equal to the sum of such EB-5 Limited Partner's Adjusted Capital Contribution and accrued unpaid Preferred Returns less any amounts due to the Partnership by the EB-5 Limited Partner.

8.4.11 Closing; Payment of the Purchase Price. The purchase price for Units shall be paid in cash. Unless otherwise agreed by the parties, the closing of the sale and purchase of Units shall take place on the later of thirty (30) days after the delivery to the selling Partner or the transferee of the written notice by the Partnership of its exercise of the option to purchase the selling Partner's Units or thirty (30) days after the date on which Fair Market Value is determined pursuant to Section 8.4.9 above.

8.5 Effect of Assignment. A Partner shall cease to be a Partner of the Partnership and to have the power to exercise any rights or powers of a Partner upon transfer of all of the Partner's Units in the Partnership.

8.6 Rights of Interest Holders. Interest Holders have no voting rights in the Partnership and are only entitled to the Economic Interest attributable to the Units transferred, subject to the terms and conditions of this Agreement.

8.7 Admission of Additional Partners. A Person may be admitted as a Partner and, upon such admission, shall be admitted to all the rights of a Partner upon approval of the General Partner. The General Partner may grant or withhold the approval of such admission in their sole and absolute discretion. If so admitted, such newly admitted Partner shall have all the rights and powers and be subject to all the restrictions and liabilities of the Partnership Interest assigned. The admission of an Interest Holder to Partnership, without more, shall not release the Partner originally assigning the Partnership Interest from any liability to the Partnership that may have existed prior to the admission of the Interest Holder as a Partner of the Partnership. No Partners admitted after the date of this Agreement shall be entitled to any retroactive allocation of losses, income or expense deductions incurred by the Partnership. The General Partner may, at the time a Partner is admitted, close the books and records of the Partnership (as though the Fiscal Year had ended) or make pro rata allocations of loss, income and expense deductions to such Partner for that portion of the Fiscal Year in which such Partner was admitted in accordance with the Code.

ARTICLE 9 TERMINATION

9.1 Termination of Interest. The Partnership Interest of each EB-5 Limited Partner shall be terminated by (a) dissolution of the Partnership as provided in this Agreement and distribution of

the proceeds of liquidation in accordance herewith; (b) the Agreement of an EB-5 Limited Partner, or his/her personal representative, and the General Partners; or (c) the return of the Capital Contributions and payment of all accrued unpaid Preferred Returns to such EB-5 Limited Partner.

ARTICLE 10 DISSOLUTION AND WINDING UP

10.1 Termination of the Partnership. The Partnership shall be terminated and dissolved upon the first to occur of the following: If the Partnership then has any EB-5 Partners (a) upon vote of a Majority-In-Interest of the Partners; or (b) upon the sale of all or substantially all the assets of the Partnership; and if there are then no EB-5 Partners of the Partnership (a) upon vote of the General Partner, or (b) upon sale of all or substantially all of the assets of the Partnership.

10.2 Winding Up. Upon the termination of the Partnership pursuant to Section 10.1 above, a full and general accounting shall be taken of the Partnership's business, and the affairs of the Partnership shall be wound up. Any profits earned or losses incurred since the last previous accounting shall be allocated among, or borne by, the Partners in accordance with the provisions of Section 3.1 above. The General Partner shall wind up and liquidate the Partnership by selling the Partnership's assets, or by distributing such assets in kind, subject to the Partnership's liabilities, or by a combination thereof, as determined by the General Partner. The proceeds of such liquidation shall be applied and distributed in the following order of priority, by the end of the taxable year during which the liquidation occurs (or, if later, within ninety (90) days after the date of the liquidation): (a) to the payment of any debts and liabilities of the Partnership; (b) to the setting up of any reserve which the General Partner shall reasonably deem necessary to provide for any contingent or unforeseen liabilities or obligations of the Partnership, with any excess in such reserve remaining after such liabilities are satisfied to be distributed as soon as practicable in the manner hereinafter set forth; and (c) thereafter, the balance of the proceeds, if any, shall be distributed in the same manner as Available Cash Flow, after taking into account all capital account adjustments for the Partnership's taxable year during which such liquidation occurs. For purposes of this subsection, a liquidation of the Partnership shall mean a liquidation as defined in Section 1.704-1(b)(2)(ii)(g) of the Regulations.

10.3 Statement. The Partners shall be furnished with a statement prepared by the Partnership's accountants, which shall set forth the assets and liabilities of the Partnership as of the date of complete liquidation.

10.4 Return of Capital Contributions. Notwithstanding anything in this Agreement to the contrary, neither the General Partner nor any other Partner shall be personally liable for the return of the Capital Contributions of any Partner, or any portion thereof, it being expressly understood that any such return of the Capital Contributions of the Partners shall be made solely from Partnership assets.

ARTICLE 11 DISCLOSURES AND REPRESENTATIONS

11.1 Disclosure by Partnership. In connection with the offer and sale of Units to Limited Partners hereunder, the Partnership hereby discloses that the Units have not been registered under the Federal Securities Act of 1933, as amended (the "**Securities Act**"), and are being offered and sold by the Partnership pursuant to one or more exemptions from registration under the Securities Act, including the exemption provided by Section 4(2) of the Securities Act, Regulation D promulgated thereunder, and exemptions available under applicable state securities laws and regulations.

11.2 Representations and Warranties of the Limited Partners. In connection with a Limited Partner's purchase of Units in the Partnership, each Limited Partner represents and warrants, which representations and warranties shall survive the consummation of the Limited Partner's purchase of such Units, as follows: (a) the Limited Partner's principal residence is located within the country, state/province and at the address listed in Schedule A hereto; (b) the Limited Partner is aware that no market exists for the resale of Units; (c) the Limited Partner is purchasing the Units for investment and not for the distribution; (d) the Limited Partner is aware of all restrictions imposed by the Partnership on the sale or transfer of the Units, including, but not limited to, any restrictive legends appearing on the certificate(s) and/or other document(s) evidencing the Units; (e) the Limited Partner acknowledges and understands that the Partnership has been organized with the intention that it qualify for taxation as a partnership for U.S. federal income tax purposes. The Limited Partner acknowledges that the provisions of Subchapter K of the Code, and the Regulations promulgated thereunder will apply to the Partnership, and intend that the allocations of taxable income and loss, distributions to the Limited Partners and maintenance of Capital Accounts all conform to the requirements of the Code and the applicable Regulations; (f) the Limited Partner has full legal capacity to execute and agree to this Agreement and to perform his obligations hereunder; (g) the Limited Partner has duly executed and delivered this Agreement; (h) the Limited Partner's authorization, execution, delivery and performance of this Agreement do not conflict with any other material agreement or arrangement to which that Limited Partner is a party or by which he is bound or with any law or regulation to which that Limited Partner is subject; and (i) this Agreement constitutes the valid, binding and enforceable agreement of that Limited Partner, except to the extent such enforceability may be limited by the effect of bankruptcy, insolvency, reorganization, moratorium and similar laws from time to time in effect relating to the rights and remedies of creditors, as well as general principles of equity (regardless of whether considered in a proceeding in equity or in law).

ARTICLE 12 MISCELLANEOUS

12.1 Endorsement. Upon the execution of this Agreement, any certificate or certificates evidencing the Units in the Partnership shall be endorsed, as follows:

"The Units represented by this certificate are subject to the terms and conditions of a Limited Partnership Agreement dated as of 11/30/2012, among the original owner of record and the other partners of the Partnership. Any purchaser or

transferee of these Units is bound by the agreement and shall be considered a party to the agreement. The Partnership will mail to the holder of this certificate, without charge, a copy of such agreement within five (5) days after receiving a written request therefor."

The foregoing endorsement shall also include such other legends and notices as the General Partner deems necessary and appropriate.

After endorsement, the certificate or certificates shall be delivered to the Partners who shall, subject to the terms of this Agreement, be entitled to exercise all rights of ownership of such Partnership Units. The Partnership agrees that it will cause a similar endorsement to be placed on all certificates hereafter issued by it and which are subject to the provisions of this Agreement.

12.2 Tax Matters. The General Partner shall direct Tax Matters of the Partnership, as provided in Regulations issued pursuant to Section 6231 of the Code. Each Partner, by the execution of this Agreement, consents to such designation and agrees to execute, certify, acknowledge, deliver, swear to, file and record at the appropriate public offices such documents as may be necessary or appropriate to evidence such consent. The Partnership shall indemnify and reimburse the General Partner for all expenses, including legal and accounting fees, claims, liabilities, losses and damages incurred in connection with any administrative or judicial proceeding with respect to the tax liability of the Partners. The payment of all such expenses shall be made before any distributions to Partners are made by the Partnership. The taking of any action and the incurring of any expense by the General Partner in connection with any such proceeding, except to the extent required by law, is a matter in the sole discretion of the General Partner.

12.3 Amendments. Except as provided herein, this Agreement may be amended only with the written approval of all of the Partners.

12.4 Notices. All notices, consents or other instruments hereunder shall be in writing and mailed by United States mail, postage prepaid, and shall be directed to the parties hereto at the last addresses of the parties furnished by them in writing to the Partnership, and to the Partnership at its principal office. The Partnership and/or any Partner shall have the right to designate a new address for receipt of notices by notice addressed to the Partners and the Partnership and mailed as aforesaid. Such notices shall be made a permanent part of the Partnership records.

12.5 Obligations and Rights of Transferees. Any person who acquires in any manner whatsoever any interest in the Partnership, irrespective of whether such person has accepted and assumed in writing the terms and provisions of this Agreement, shall be deemed by the acceptance of the benefit of the acquisition thereof to have agreed to be subject to, and to be bound by, all the obligations of this Agreement with the same force and effect as any predecessor in interest of such person.

12.6 Benefit and Binding Effect. This Agreement shall inure to the benefit of, and be binding upon, the parties hereto and their respective next of kin, legatees, administrators, executors, legal representatives, nominees, successors and permitted assigns.

12.7 Integration. This Agreement constitutes the entire agreement among the parties hereto pertaining to the subject matter hereof, and supersedes all prior and contemporaneous agreements and understandings of the parties in connection therewith.

12.8 Governing Law. This Agreement and the rights of all parties hereunder shall be governed by, and construed in accordance with, the laws of the State of Florida, without regard to the conflicts of laws principles thereof.

12.9 Counterparts. This Agreement may be executed in several counterparts, each of which shall be considered an original when executed by one or more of the Partners.

12.10 Reports to Limited Partners. As soon as reasonably practicable after the date when an Limited Partner has made his/her Capital Contribution to the Partnership in full and has otherwise complied with its obligations under this Agreement, the Partnership shall provide such Limited Partner or its designated immigration counsel with the copies of the following information: (a) A copy of the USCIS letter of designation of South Atlantic Regional Center as a regional center under the EB-5 Pilot Program; (b) A copy of the approved regional center narrative proposal and business plan submitted to USCIS by the Regional Center; (c) A copy of approved econometric reports which, taken together, conclude that the investments to be made by the Partnership from the Capital Contributions of the Limited Partners are Qualified Investments - they will generate full-time employment positions, either directly or indirectly, for not fewer than ten U.S. workers per EB-5 Limited Partner whose Capital Contributions have been so applied; (d) Documented evidence that the location of the Partnership's investment of an EB-5 Limited Partner's Capital Contribution is within a "targeted employment area" as defined by the USCIS; and (e) A copy of the Partnership's Limited Partnership Agreement, including the Schedules thereto, evidencing that the EB-5 Limited Partner has invested at least the EB-5 Minimum Capital Requirement and that such investment is "at risk."

12.11 Severability. If any provision of this Agreement is declared by any court of competent jurisdiction to be invalid or unenforceable such invalidity or unenforceability shall not affect the remaining provisions of this Agreement. If such invalidity or unenforceability is due to the court's determination that the provision's scope is excessively broad or restrictive under applicable law then in effect, the parties hereby jointly request that such provision be construed by modifying its scope so as to be enforceable to the fullest extent of applicable law then in effect. If any provision is held to be invalid or unenforceable with respect to a particular circumstance, such provision shall nevertheless remain in full force and effect in all other circumstances.

12.12 No Waiver. The waiver by any party hereto of any breach of any provision of this Agreement shall not be deemed a continuing waiver, and shall not affect any subsequent breach of the same or different provisions of this Agreement.

12.13 Further Assurances. Subject to the terms and conditions herein provided, each of the parties hereto agrees to use all commercially reasonable efforts to take, or cause to be taken, all action and to do, or cause to be done, all things necessary, proper or advisable to consummate and make effective as promptly as practicable the transactions contemplated by this Agreement, including using all commercially reasonable efforts to remove any legal impediment to the consummation or effectiveness of such transactions and to obtain any consents and approvals required under this Agreement.

12.14 Neutral Construction. The construction and interpretation of any clause or provision of this Agreement shall be construed without regard to the identity of the party that prepared this Agreement, and no presumption shall arise as a result that this Agreement was prepared by one party or the other.

12.15 Attorneys' Fees. In the event a dispute arises regarding this Agreement, the prevailing party shall be entitled to recover all attorneys' fees and expenses incurred.

12.16 Injunctive Relief. Without intending to limit the remedies available to either party, each party hereby acknowledges that a breach of any of the restrictive covenants contained in this Agreement may result in material and irreparable injury to the other party for which there is no adequate remedy at law, and that it may not be possible to measure damages for such injuries with reasonable certainty. In the event of such a breach or threat thereof, a party shall be entitled to obtain a temporary restraining order and/or a preliminary injunction restraining any other party from engaging in activities prohibited by this Agreement or such other relief as may be required to specifically enforce any of the covenants in this Agreement. The parties expressly agree that it shall not be a defense in such an injunction action that a party had previously breached this Agreement.

12.17 Representation of Counsel. All parties acknowledge that prior to executing this Agreement, they have been advised to seek independent legal counsel. In executing this Agreement, all parties represent and warrant that they relied exclusively upon the advice of their respective independent legal counsel and are not entering into this Agreement based upon any representation of any other party or any other party's counsel.

12.18 Jurisdiction. Any and all legal proceedings to enforce this Agreement, or to enforce or vacate any judgment or award rendered therein, whether in contract, tort, equity or otherwise, shall be brought in the state or federal courts sitting in the district encompassing Palm Beach County, Florida, the parties hereto hereby waiving any claim or defense that such forum is not convenient or proper. Each party hereby agrees that any such court shall have in personam jurisdiction over it, and agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner specified by law.

12.19 Force Majeure. Neither party shall be liable for any failure or delay in performance under this Agreement (other than for delay in the payment of money due and payable hereunder) to the extent said failures or delays are proximately caused by causes beyond that party's reasonable control and occurring without its fault or negligence, including, without limitation,

failure of suppliers, subcontractors, and carriers, or party to substantially meet its performance obligations under this Agreement, provided that, as a condition to the claim of nonliability, the party experiencing the difficulty shall give the other prompt written notice, with full details following the occurrence of the cause relied upon. Dates by which performance obligations are scheduled to be met will be extended for a period of time equal to the time lost due to any delay so caused.

12.20 Notice. All notices, requests, and other communications under this Agreement shall be in writing and shall be deemed to have been duly given (a) on the date of service, if personally served; (b) on the day of facsimile over telephone lines with same day first class mailing of both the original of the documents and a proof of transmission; (c) on the day after mailing if sent by express overnight air courier guaranteeing next day delivery with written evidence of delivery; or (d) five (5) days after the date of mailing if mailed by registered or certified mail, return receipt requested, postage prepaid, and addressed to the parties at the addresses listed above. Each party is required to notify the other party in the above manner of any change in address.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, each party has executed this Limited Partnership Agreement on the day and year written below.

GENERAL PARTNER

Joseph J. Walsh
For South Atlantic Regional Center, LLC

Date: _____

LIMITED PARTNER

(Signature)

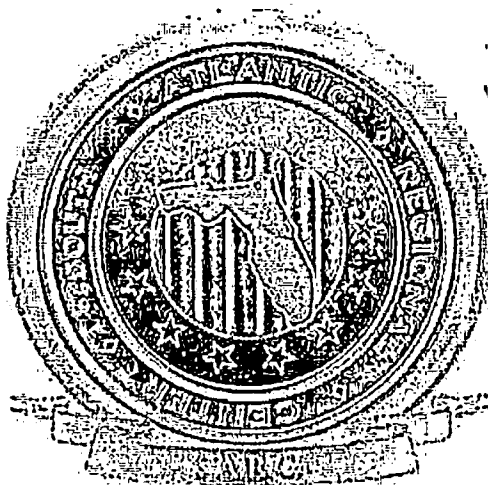
Date: _____

(Written Name)

NOT A CERTIFIED COPY

EXHIBIT “18”

NOT A CERTIFIED COPY



LOAN DOCUMENTS

Palm House, LLC
214 Brazilian Ave., Suite 200
Palm Beach, FL 33480
(561) 832-8288

Dear Sirs,

We are pleased to inform you that Palm House Hotel, LLLP ("Lender") has approved your loan request. The loan ("Loan") is being made to Palm House, LLC, a Delaware limited liability company of 214 Brazilian Ave., Suite 200, Palm Beach, FL 33480 ("Borrower") to assist in the establishment of its commercial for-profit business within the Regional Center Territory (defined below) pursuant to the U.S. EB-5 Immigrant Investor Program ("Program").

The Borrower understands that the making of the Loan described herein is dependent upon the successful offering of Units of limited partnership interests by the Lender pursuant to the Program, including approval by the United States Citizenship and Immigration Services ("USCIS") of Alien Entrepreneur Petitions (I-526) pursuant to Section 203(b)(5) of the Immigration and Nationality Act, as amended. Lender agrees to make a Loan, subject to such conditions, and on the following terms and conditions:

Regional Center Territory: Palm Beach County, Florida, USA.

Borrower: Palm House, LLC, a Delaware limited liability company of 214 Brazilian Ave., Suite 200, Palm Beach, FL 33480.

Principal Loan Amount: Minimum Loan Amount of \$500,000
Maximum Loan Amount of \$39,500,000

Closing and First Advance: The Loan shall be closed ("Closing Date") upon the date that the Minimum Loan Amount is available for advance (also referred to herein as the "First Advance").

Term: 5 years from the First Advance ("Maturity").

Interest Rate: Four and 22/100ths percent (4.22%) per annum. Interest shall be computed on the basis of a 365 day year and actual days elapsed. Upon default or after judgment has been rendered on this Note, the unpaid principal of all Advances shall bear interest at a rate which is two (2%) percent per annum greater than that which would otherwise be applicable.

Payment: The balance of all Advances and all accrued unpaid interest thereon shall be repaid as follows:

- (1) Borrower shall make interest only payments monthly on the balance of all Advances until the expiration of five years from the First Advance;
- (2) Upon Maturity, Borrower shall pay the then outstanding balance of all Advances and all accrued unpaid interest thereon.
- (3) Borrower shall make commercially reasonable efforts to repay the outstanding principal balance of all Advances and all accrued unpaid interest thereon upon Maturity (the "Initial Term"). If Borrower cannot refinance such amounts on commercially reasonable terms, or at all, within 30 days of the expiration of the Initial Term, or any Extension Period (as defined below), Borrower may, upon written notice to Lender, and in its sole discretion, extend the Maturity date for an additional one year period (each an "Extension Period"). During each Extension Period, Borrower shall make principal and interest payments on the outstanding principal balance of all Advances and all accrued unpaid interest thereon then outstanding. Principal and interest payments shall be calculated by amortizing the balance of all Advances and all accrued unpaid interest thereon over 15 years at the Interest Rate set forth above.
- (4) Borrower's obligation to make commercially reasonable efforts to repay the outstanding principal balance of all Advances and all accrued unpaid interest thereon after Maturity shall

continue thereafter until the balance of the Loan and all unpaid interest thereon is repaid in full.

Estimated Use of Proceeds: The proceeds of this Loan will be used for Palm House, LLC to develop the Project (described in the accompanying Business Plan), in Florida.

Pre-payment: The Borrower may not, without Lender's prior express written consent, prepay this Note prior to Maturity. Thereafter, Borrower may prepay this Note, in whole or in part, at any time, without penalty or premium, and without prior written consent of Lender.

Collateral: The Borrower shall execute in favor of the Lender a Loan and Security Agreement and Promissory Note (altogether the "Loan Documents") and provide Lender with a security interest in all assets of the Borrower as security for the satisfaction of the Loan (collectively, the "Collateral").

Loan Advance: The Loan shall be advanced to the Borrower from time to time as it becomes available to Lender and in accordance with the requirements of the Project (each an "Advance"). It shall be a condition of each advance that as of such time there shall not have been a material adverse change from the date of this commitment in the operations, assets or financial condition of the Borrower or its affiliates (considered as a whole).

Job Requirement: The Borrower must create and maintain a minimum of ten (10) new full-time direct and/or indirect jobs per EB-5 investor through the end of two and one half (2.5) years from the date of the latest Advance.

The total number of direct jobs will be supplied by the Borrower. The Borrower shall provide at six (6) month intervals the most recent quarterly DE-34 Employment Reports and Form I-9 Employment Eligibility Verification forms for each new employee reported. Using the direct jobs number, as verified by these documents, the total number of indirect jobs shall be calculated using the appropriate economic model (IMPLAN or RIMS II) and resulting employment multiplier, which demonstrates that for each direct job created, additional indirect jobs are created. Reference to Borrower's Economic Analysis shall confirm indirect employment creation.

Remedies: If the Borrower shall fail to repay the Loan in accordance with the terms of the Loan Agreement, Lender shall have the right, at its

sole option, to declare the Loan in default and exercise remedies under the Loan Documents, including, but not limited to, foreclosure.

Reporting:

The Borrower shall provide to Lender semi-annual unaudited statements in connection with the operations of the Borrower, no later than 30 days after the end of each semi-annual period and shall provide unaudited, accountant reviewed financial statements no later than 120 days after the Borrower's fiscal year-end. The Borrower shall provide at six (6) month intervals the most recent quarterly DE-34 Employment Reports and Form I-9 Employment Eligibility Verification forms for each new employee reported.

Satisfaction of Conditions:

The Borrower shall be obligated to draw down the Loan and shall use all reasonable best efforts to satisfy the conditions of advance thereof.

Documentation:

The Note, the documentation of the Collateral and such other documents as the Lender may require shall be in form satisfactory to the Lender and supported by such legal opinions as the Lender may require.

All of Lender's reasonable costs of preparing, reviewing and recording such documents shall be to the Borrower's account.

[SIGNATURE PAGE FOLLOWS]

Palm House Hotel, LLLP

By South Atlantic Regional Center, LLC, its General Partner

By: _____

Joseph J. Walsh
Managing Member

Dated: _____

1/21, 2013

ACCEPTED

Palm House, LLC

By: _____

Name: _____

Title: _____

Ryan Black

Ryan Black

Managing Member
New York

Dated: _____

1/20/13, 2013

STATE OF FLORIDA:

New York

COUNTY OF PALM BEACH:

On this, the 20th day of January, 2013 before me, the undersigned officer, personally appeared Ryan Black who acknowledged himself to be the President of Palm House, LLC, a Delaware limited liability company of 214 Brazilian Ave., Suite 200, Palm Beach, FL 33480, and that he as President, being authorized to do so, executed the foregoing instrument for the purposes therein contained by signing the name of the company by himself as President. IN WITNESS WHEREOF, I have hereunto set my hand and notarial seal.

Sylvia Bloomfield
SYLVIA BLOOMFIELD
Notary Public, State of New York
No. 01BL6060027
Qualified in Queens County
Certificate filed in New York County
Commission Expires June 11, 2015

Notary Public

My Commission Expires: June 11, 2015

LOAN DOCUMENTS

11/30/2012

Palm House Hotel, LLLP — Palm House, LLC

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LOAN AND SECURITY AGREEMENT

LOAN AND SECURITY AGREEMENT dated as of _____, 20__ between **Palm House Hotel, LLLP** (the "Lender") a Florida limited partnership of 197 S. Federal Highway, Suite 200, Boca Raton, FL 33432, and **Palm House, LLC** (the "Borrower") a Delaware limited liability company of 214 Brazilian Ave., Suite 200, Palm Beach, FL 33480. In order to induce the Lender to advance money or grant other financial accommodations on one or more occasions to the undersigned Borrower, the undersigned Borrower represents, warrants, covenants to and agrees with the Lender as follows:

1. Definitions. For purposes of this Agreement, unless the context clearly requires otherwise, in addition to the terms defined elsewhere herein, the following terms shall have the meanings set forth below:

Advances means the Borrower's Advances with the Lender referred to in Section 2.1 infra.

Affiliate means any person and/or entity, which directly or indirectly controls, or is controlled by, or is under common control, with the Borrower.

Agreement means this Loan and Security Agreement.

Bank means any other financial institution and/or third party providing credit or account services to Borrower in connection with the property.

Collateral means the Collateral described in Section 3, infra.

Collateral Account means the account of Borrower with the Lender established under Section 8.2 (c) infra.

Control shall be deemed to exist if any person, entity or corporation, or combination thereof, shall have possession, directly and/or indirectly, of the power to direct the management and/or policies of the Borrower or any person, entity, or corporation deemed to be an Affiliate of the Borrower, and shall be deemed to include any holder of 50 % or more of any stock or other interest in the Borrower or in any person, entity or corporation deemed to be an Affiliate of the Borrower, whether such holding is direct or indirect.

Deposit means any deposits, credits, securities, interests, participations, shares, collateral or property of the Borrower at any time now or thereafter in the possession, custody, safekeeping or control of or in transit to the Bank, or any other holder for the purpose of securing Inventory financing of Borrower, and the proceeds thereof.

Deposit Accounts means all deposit accounts maintained by the Borrower with the Bank for the purpose of financing renovation, expansion, furniture and fixtures of Borrower, and the proceeds thereof.

Events of Default shall have the meaning given such term in Section 8 of this Agreement infra.

Indebtedness means the total of all obligations of the Borrower to the Lender, whether current or long-term, including without limitation, guaranties, endorsements, or other arrangements whereby responsibility is assumed for the obligations of others.

Inventory means all inventory, including, without limitation, all inventory in the possession of others or in transit, all goods held for sale or lease or to be furnished under contracts for service or which have been so furnished, and completed and unshipped merchandise, and all products and proceeds (including insurance and condemnation proceeds) of the foregoing, as defined by the Uniform Commercial Code of the State of Florida, whether presently owned or hereafter acquired.

Legal Requirements means all applicable present and future statutes, laws, ordinances, rules and/or regulations of any governmental authority, all orders, writs, injunctions, decrees and judicial decisions and all covenants which bind or materially affect the Borrower or any part of its assets.

Loan Account means the accounting as to the Loans issued by the Lender pursuant to Section 2.2 infra.

Loan Documents means the following documents collectively: (i) This Agreement; (ii) Each Promissory Note of the Borrower to the Lender, including the Note (collectively the "Notes") evidencing the indebtedness for the Loan; (iii) All other documents and instruments heretofore or hereafter executed by the Borrower in favor of the Lender relating to the Loans, including any guaranty, pledge, security and/or subordination agreement and related Uniform Commercial Code financing statements; and (iv) In each case, the term "Loan Documents" and any reference herein to any particular Loan Document shall mean and include all amendments, modifications, replacements, renewals or extensions of any and all such documents, whenever executed.

Loans means: (i) Advances evidenced by the Note; and (ii) Any other loans made by the Lender to the Borrower after the date of this Agreement.

Note means the Borrower's Promissory Note evidencing indebtedness for Advances.

Obligations means all liabilities, duties and/or obligations now or hereafter owing from the Borrower to the Lender of whatever kind or nature, whether or not currently contemplated at the time of this Agreement, whether such obligations be direct or indirect, absolute or contingent or due or to become due, including all obligations of the Borrower, actual or contingent, in respect to the letters of credit or Lender's acceptances issued by the Lender for the account of, or guaranteed by, the Borrower, including, without limitation all obligations of any partnership or joint venture as to which the Borrower is or may become, liable, which term shall include all accrued interest and/or all costs and expenses, including reasonable attorneys' fees, costs and expenses relating to the appraisal and/or valuation of assets and all reasonable costs and expenses incurred or paid by the Lender in exercising, preserving, defending, collecting, enforcing or protecting any of its rights under the Obligations or in any litigation arising out of the transactions evidenced by the Obligations.

Required Permits means all permits, licenses, approvals, consents and waivers necessary pursuant to any Legal Requirement to be obtained from, or made by, any governmental authority for the ownership by the Borrower of its assets or for the conduct of its business.

Termination Date shall have the meaning set forth in Section 2.1 *infra*.

2. Loans.

2.1 Advances.

(a) Pursuant to this Agreement, and upon satisfaction of the conditions precedent in Section 5 hereof, during the period from the date hereof until the fifth anniversary of the date of the last Advance hereunder (as such date may be extended in writing from time to time, in the Lender's sole and absolute discretion, the "Termination Date"), the Lender shall make advances and the Borrower may borrow under this Agreement; provided, however, that the aggregate amount of all Advances at any one time outstanding shall not exceed \$39,500,000 USD.

(b) All Advances under this Agreement shall be evidenced by the Note, shall bear interest and shall be due and payable in full on the Termination Date.

2.2 Loan Account.

(a) The Lender shall maintain an accounting (the "Loan Account") on its books to record: (i) all Loans; (ii) all payments made by the Borrower; and (iii) all other appropriate debits and credits as provided in this Agreement with respect to the Obligations. All entries in the Loan Account shall be made in accordance with the Lender's customary accounting practices as in effect from time to time. Borrower irrevocably waives the right to direct the application of any and all payments at any time or times thereafter received by the Lender from or on behalf of Borrower, and the Borrower hereby irrevocably agrees that the Lender shall have the continuing exclusive right to apply and to reapply any and all payments received at any time or times after the occurrence and during the continuance of an Event of Default against the Obligations in such manner as the Lender may deem advisable.

(b) The balance in the Loan Account, as set forth on the Lender's most recent printout or other written statement, shall be presumptive evidence of the amounts due and owing to the Lender by Borrower; provided, however, that any failure to so record or any error in so recording shall not affect the payment of the Obligations. Any periodic statement prepared by the Lender setting forth the principal balance of the Loan Account and the calculation of interest due thereon shall be subject to subsequent adjustment by the Lender but shall, absent manifest errors or omissions, be presumed final, conclusive and binding upon the Borrower, and shall constitute an account stated unless within thirty (30) days after receipt of such statement, the Borrower shall deliver to the Lender its written objection thereto specifying the error or errors, if any, contained in such statement. In the absence of a written objection delivered to the Lender as set forth above, the Lender's statement of the Loan Account shall be presumptive evidence against the Borrower of the amount of the Obligations and the burden of proof to show manifest errors or omissions shall be on the Borrower.

3. Grant of Security Interest; Obligations Secured. The Borrower hereby grants to the Lender a subordinated security interest in all of the Borrower's present and future right, title and interest in real property, furniture and fixtures, inventory, deposit accounts and reserve bank accounts, lease reserve accounts wherever located and whether now existing or hereafter created or arising collectively called the "Collateral." Lender's security interest in the Collateral shall be subordinated only to the security interest therein of the Bank. The security interest in the Collateral granted herein is to secure the payment and performance of the Obligations. Lender is hereby authorized by Borrower to file any and all documents with the appropriate authorities as necessary to authenticate and/or perfect the security interests granted herein.

4. Representations and Warranties. The Borrower hereby represents and warrants to the Lender (which representations and warranties will survive the delivery of this Agreement and the making of any advances of any Loan and shall be deemed to be continuing until all Loans are fully paid and this Agreement is terminated) that:

(a) (i) The Borrower is, and will continue to be, duly organized and validly existing; the Borrower is in good standing under the laws of the State of Florida; (ii) the Borrower is qualified and in good standing to do business in all other jurisdictions in which the property owned, leased or operated by it or the nature of the business conducted by it makes such qualification necessary; (iii) the Borrower has the power to execute and deliver this Agreement and each Loan Document and to borrow hereunder; and (iv) the Borrower has all Required Permits, without unusual restrictions or limitations, to own, operate and lease its properties and to conduct the business in which it is presently engaged, all of which are in full force and effect.

(b) The making and performance by the Borrower of this Agreement and the Loan Documents have been authorized by all necessary corporate action by its Board of Directors. The execution and delivery of this Agreement and the other Loan Documents, the consummation of the transactions herein and therein contemplated, the fulfillment of or compliance with the terms and provisions hereof and thereof, (i) are within its powers, (ii) will not violate any provision of law or of its organizational documents, or (iii) will not result in the breach of, or constitute a default under, or result in the creation of any lien, charge or encumbrance upon any property or assets of the Borrower pursuant to any indenture or Lender loan or credit agreement (other than pursuant to this Agreement and the other Loan Documents) or other agreement or instrument to which the Borrower is a party. To the Borrower's knowledge, no approval, authorization, consent or other order or registration or filing with any governmental body is required in connection with the making and performance of this Agreement.

(c) Subject to any limitations stated therein or in connection therewith, all information furnished, or to be furnished, by the Borrower pursuant to the terms hereof is, or will be at the time the same is furnished, accurate and complete in all material respects necessary to make the information furnished, in the light of the circumstances under which such information is furnished, not misleading.

(d) The Borrower is in material compliance with all Legal Requirements applicable to it, its property or the conduct of its business, including, without limitation, those pertaining to or concerning the employment of labor, employee benefits, public health, safety and the environment.

(e) No proceedings by or before any private, public or governmental body, agency or authority and no litigation is pending, or, so far as is known to the Borrower, its officers or directors, or threatened against the Borrower, except such as are disclosed in any addendums attached hereto.

(f) No Event of Default has occurred and no event has occurred, or is continuing, which, pursuant to the provisions of Section 8, with the lapse of time and/or the giving of a notice specified therein, would constitute such an Event of Default.

(g) The Borrower shall use the proceeds of each Advance hereunder for purposes set forth in its business plan, including general commercial purposes related to job creation, purchase of the building, and furniture, fixtures, and equipment, provided that no part of such proceeds will be used, in whole or in part, for the purpose of purchasing or carrying any "margin stock" as such term is defined in Regulation U of the Board of Governors of the Federal Reserve System.

(h) This Agreement and all other Loan Documents, upon the execution and delivery thereof, will be legal, valid, binding and enforceable obligations of the Borrower as the case may be, in accordance with the terms of each; provided, however, that the Borrower's representation as to enforceability is qualified to the extent that enforcement of the rights and remedies created by this Agreement and the Loan Documents may be subject to applicable bankruptcy, insolvency, reorganization or similar laws affecting the rights of creditors and secured parties generally, and does not apply with respect to the availability of the remedy of specific performance, injunctive relief or any other equitable remedy.

(i) The Borrower has good and marketable title to its properties and assets, including all of the Collateral, subject to no mortgage, pledge, lien, security interest, encumbrance or other charge which is not set forth in any addendums attached hereto.

(j) The Borrower has filed all tax returns and reports required to be filed by it with all federal, state or local authorities and has paid in full, or made adequate provision for the payment of, all taxes, interest, penalties, assessments or deficiencies shown to be due or claimed to be due on or in respect of such tax returns and reports.

(k) The Borrower conducts its business solely in its own name without the use of a trade name or the intervention of, or through, any other entity of any kind, other than as disclosed on any addendums attached hereto. All books and records relating to the assets of the Borrower are located at the Borrower's chief executive office and its other places and locations where its assets are located.

(l) The Borrower and any of the Borrower's tenants have not given, nor have they received, any notice that: (i) there has been a release, or there is a threat of release, of toxic substances, oil or hazardous wastes on or from any real property owned or operated by the Borrower; (ii) the Borrower or any tenants may be, or is, liable for the costs of cleaning up or responding to a release of any toxic substances, oil or hazardous wastes; or (iii) any of such real property is subject to a lien for any liability arising from costs incurred in response to a release of toxic substances, oil or hazardous wastes.

5. Conditions Precedent.

5.1 Conditions to Initial Advance. In addition to any other conditions contained in this Agreement, the initial advance shall be subject to the following conditions precedent:

(a) *Proof of Action.* The Lender shall have received such documents evidencing the Borrower's power to execute and deliver this Agreement and the other Loan Documents as the Lender or its counsel shall request.

(b) *The Notes and Loan Documents.* The Borrower shall have delivered to the Lender the Notes, this Agreement, the other Loan Documents and such other documents as the Lender may request.

(c) *Liens to be Discharged.* The Lender shall be satisfied with arrangements made to pay, discharge and terminate debt owed, and security interests granted by, the Borrower to non-permitted debt and security interest holders.

5.2 Conditions to Every Advance. In addition to all other conditions contained in this Agreement, every advance shall be subject to the following conditions precedent that:

(a) *No Event of Default.* No Event of Default has occurred and no event shall have occurred, or be continuing, which, pursuant to the provisions of Section 8, with the lapse of time and/or the giving of a notice as specified therein, would constitute an Event of Default.

(b) *No Material Adverse Change.* There shall have been no material adverse change (as determined by the Lender) in the assets, liabilities, financial condition or business of the Borrower since the date of any financial statements delivered to the Lender before or after the date of this Agreement.

(c) *Representations and Warranties.* That the representations and warranties contained in Section 4 hereof and in each other Loan Document shall be true and correct in all material respects. Any request for a borrowing shall be deemed a certification by the Borrower as to the truth and accuracy in all material respects of the representations and warranties contained in Section 4 infra and in each other Loan Document as of the date of such request.

6. Affirmative Covenants. The Borrower covenants and agrees that from the date hereof until payment in full of all Loans and the performance of all Borrower's obligations hereunder, and under all other Loan Documents, is complete and this Agreement shall have terminated, unless the Lender otherwise consents in writing, the Borrower shall:

(a) Comply with all terms and conditions of this Agreement and the other Loan Documents and pay all material debts of the Borrower before the same shall become delinquent.

(b) The Borrower shall deliver to the Lender: (i) within 30 days after the close of each fiscal year, a balance sheet of the Borrower as of the close of each fiscal year and statements of income and retained earnings for that portion of the fiscal year-to-date then ended, prepared in conformity with GAAP; (ii)(1) within 90 days after the close of each fiscal year of the Borrower, in accountant-prepared draft form, and (2) within 30 days of completion, in final, unaudited

accountant reviewed form, financial statements ("Financial Statements"), including, a balance sheet as of the close of such year and statements of income and retained earnings and cash flows for the year then ended, prepared in conformity with GAAP, applied on a basis consistent with that of the preceding year or containing disclosure of the effect on financial position or results of operations of any change in the application of accounting principles during the year; (iii) the other financial reports, if any, delivered to the owners of the Borrower, and upon request, such other information about the financial condition, business and operations of the Borrower, as the Lender may from time to time, reasonably request; and (iv) promptly upon becoming aware of any Event of Default, or any event which with the giving of notice or the passage of time would constitute an Event of Default, notice thereof, in writing. The Lender may modify or waive the performance of this section (b) in its sole discretion.

(c) (i) Keep its properties insured against fire and other hazards (so called "All Risk" coverage) in amounts and with companies satisfactory to the Lender to the same extent and covering such risks as is customary in the same or a similar business, but in no event in an amount less than the full insurable value thereof, which policies shall name the Lender as additional insured as its interest may appear, (ii) maintain public liability coverage against claims for personal injuries or death, and (iii) maintain all worker's compensation, employment or similar insurance as may be required by applicable law. Such All Risk property insurance coverage shall provide for a minimum of 30 days' written notice to the Lender of cancellation or modification. The Borrower agrees to deliver copies of all of the aforesaid insurance policies to the Lender. In the event of any loss or damage to any of its assets, including any collateral securing any Loan, the Borrower shall give prompt written notice to the Lender and to Borrower's insurers of such loss or damage and shall promptly file proofs of loss with said insurers.

(d) Comply with all Legal Requirements, including without limitation, those pertaining to or concerning the employment of labor, employee benefits, public health, safety and the environment. The Borrower shall pay all taxes, assessments, governmental charges or levies, or claims for labor, supplies, rent and other obligations made against the Borrower or any of its properties which, if unpaid, might become a lien or charge against it or any of its properties, except liabilities being contested in good faith with the prior written consent of the Lender and against which, if requested by the Lender, the Borrower shall maintain reserves in amount and in form (book, cash, bond or otherwise) satisfactory to the Lender.

(e) Maintain its chief executive office, principal places of business and locations of assets at the locations set forth in this Agreement. The Borrower shall promptly give the Lender written notice of any change in any of such addresses. All business records of the Borrower, including those pertaining to all Collateral, shall be kept at the said chief executive office of the Borrower, unless prior written consent of the Lender is obtained to a change of location.

(f) Allow the Lender, by or through any of its officers, agents, attorneys, or accountants designated by it, for the purpose of ascertaining whether or not each and every provision hereof and of any other Loan Document is being performed and for the purpose of examining and appraising the assets of the Borrower and the records relating thereto, to enter the offices of the Borrower to examine or inspect any of the properties, books and records or extracts therefrom and to make copies thereof and to discuss the affairs, finances and accounts thereof with the

Borrower and its accountants, at such reasonable times with advance notice to Borrower and as often as the Lender may reasonably determine. The Borrower will reimburse the Lender for all costs associated with its examination, appraisals and audits.

(g) Promptly advise the Lender of the commencement, or threat of litigation, including arbitration proceedings and any proceedings before any governmental agency, which might have a material adverse effect upon the assets, liabilities, financial condition or business of the Borrower.

(h) Promptly notify the Lender in writing of (i) any enforcement, cleanup, removal or other action instituted or threatened against the Borrower by any federal, state, county or municipal authority or agency pursuant to any public health, safety or environmental laws, rules, ordinances and regulations, (ii) any and all claims made or threatened by any third party against the Borrower or any real property owned or operated by any of them relating to the existence of, or damage, loss or injury from any toxic substances, oil or hazardous wastes or any other conditions constituting actual or potential violations of such laws, rules, ordinances or regulations and (iii) any enforcement or compliance action, instituted or threatened or claim made or threatened by any federal or state authority relating to the employment of labor or employee benefits.

(i) Continue to conduct the business of the Borrower as presently conducted, maintain its existence and maintain its properties in good repair, working order and operating condition. The Borrower shall promptly notify the Lender of any event causing material loss or unusual depreciation in the value of the business assets of the Borrower and the amount of same.

(j) The Borrower will notify the Lender promptly upon Borrower's entry into any transaction with any federal, state or local governmental entity which would give rise to an account receivable which would be subject to the Federal Assignment of Claims Act, or any other comparable federal, state or local legal requirement (herein a "Government Account") and the Borrower will execute all such instruments and take all such action as may be reasonably requested by the Lender so that all moneys due, or to become due, thereunder will be effectively assigned to the Lender and notice thereof given to such account debtor in accordance with the Federal Assignment of Claims Act, or any other comparable federal, state or local legal requirement.

(k) (i) The Borrower will keep the Collateral in good order and repair, will not waste or destroy the Collateral or any part thereof and will not knowingly use the Collateral in violation of any applicable Legal Requirement or any policy of insurance thereon. The Borrower will notify the Lender in writing promptly upon its learning of any event, condition, loss, damage, litigation, administrative proceeding or other circumstance which may materially and adversely affect the assets, liabilities, financial condition or business of the Borrower or the Lender's security interest in the Collateral. In the event that the Lender shall reasonably determine that there has been any loss, damage or material diminution in the value of the Collateral, the Borrower will, whenever the Lender requests, pay to the Lender such amount as the Lender shall have reasonably determined represents such loss, damage or material diminution in value (any such payment not to affect the Lender's security interest in such Collateral). (ii) Without limiting the generality of

the foregoing, the Borrower shall notify the Lender promptly of any claim or dispute that may materially affect the value of the Borrower's Accounts.

(l) The Borrower will, at such intervals as the Lender may request, notify the Lender, in a form satisfactory to the Lender, of all Collateral which has come into existence since the date hereof or the date of the last such notification, whichever is later.

(m) At its option, but without obligation to do so, the Lender may discharge taxes, liens, security interests or other encumbrances at any time levied or placed on the Collateral; may place and pay for insurance on the Collateral; may order and pay for the repair, maintenance and preservation of the Collateral; and may pay any fees for filing or recording such instruments or documents as may be necessary or desirable to perfect the security interest granted herein. The Borrower agrees to reimburse the Lender on demand for any payment made, or any expense incurred, by the Lender pursuant to the foregoing authorization, and all such payments and expenses shall constitute part of the principal amount of Obligations hereby secured and shall bear interest at the highest rate payable on the Obligations of the Borrower to the Lender.

(n) Deliver to Lender, and or its nominee(s), all information requested by it, or them, in connection with their reporting obligations to the U.S. Citizenship and Immigration Services and reasonably related to compliance with the EB-5 Immigrant Investor Pilot Program.

7. Negative Covenants. The Borrower covenants and agrees that until payment is made in full on all Loans, the performance of all Borrower's obligations hereunder and under all other Loan Documents is complete and this Agreement shall have terminated, unless the Lender otherwise consents in writing, the Borrower shall not directly or indirectly:

(a) Sell, lease, pledge, transfer or otherwise dispose of all or any of its assets (other than the disposition of inventory in the ordinary course of its business as presently conducted, or the sale of obsolete equipment or equipment no longer usable in the conduct of the Borrower's business), whether now owned or hereafter acquired except for liens or encumbrances required or permitted hereby or by any Loan Document.

(b) Make or consent to a material change in the ownership or capital structure of the Borrower, or make a material change in the management of the Borrower or in the manner in which the business of the Borrower is conducted.

8. Events of Default; Remedies.

8.1 Events of Default. The occurrence of any of the following events, for any reason whatsoever, shall constitute an "Event of Default" hereunder:

(a) (i) Failure to make due payment of principal and/or interest on any Loan provided such failure continues for a period of five (5) business days or (ii) failure by the Borrower, or any Affiliate, to make due payment of any other liability or obligation owing by the Borrower, or any Affiliate, to the Lender, now existing or hereafter incurred, whether direct or contingent (herein, "Other Lender Debt"), provided such failure continues for a period of five (5) business days; or

(b) Failure by the Borrower to observe or perform any covenant contained in (i) this Agreement, or any of their respective obligations under any other Loan Document or (ii) any document or instrument evidencing, securing or otherwise relating to any Other Lender Debt provided that if said failure is curable, it continues for a period of ten (10) days; or

(c) Any representation or warranty made by the Borrower to the Lender or any statement, certificate or other data furnished by any of them in connection herewith or with any other Loan Document proves at any time to be incorrect in any material respect; or

(d) A judgment or judgments for the payment of money shall be rendered against the Borrower, which shall remain unsatisfied and in effect for a period of sixty (60) days without a stay of execution; or

(e) Any levy, seizure, attachment, execution or similar process shall be issued or levied on any of the Borrower's property, which process could have a material adverse effect on the business of the Borrower in the Lender's reasonable judgment; or

(f) The Borrower shall (i) apply for or consent to the appointment of a receiver, conservator, trustee or liquidator of all or a substantial part of any of its assets; (ii) be unable, or admit in writing its inability, to pay its debts as they mature; (iii) file or permit the filing of any petition, case, arrangement, reorganization, or the like under any insolvency or Bankruptcy law, or the adjudication of it as Bankrupt, or the making of an assignment for the benefit of creditors or the consenting to any form of arrangement for the satisfaction, settlement or delay of debt or the appointment of a receiver for all or any part of its properties; or (iv) take any action for the purpose of effecting any of the foregoing; or

(g) An order, judgment or decree shall be entered, or a case shall be commenced, against the Borrower, without the application, approval or consent of the Borrower by, or in, any court of competent jurisdiction, approving a petition or permitting the commencement of a case seeking reorganization or liquidation of the Borrower or appointing a receiver, trustee, conservator or liquidator of the Borrower, or of all or a substantial part of its assets and the Borrower, by any act, indicates its approval thereof, consent thereto, or acquiescence therein, or, in any event, such order, judgment, decree or case shall continue unstayed, or undismissed, and in effect for any period of ninety (90) consecutive days; or

(h) The Borrower shall dissolve or liquidate, or be dissolved or liquidated, or cease to exist legally, or merge or consolidate with, or be merged or consolidated with or into any other entity; or

(i) Failure by the Borrower to pay or perform any other Obligation, whether contingent or otherwise, or if any such other Obligation shall be accelerated, or if there exists any event of default under any instrument, document or agreement governing, evidencing or securing such other Obligation; or

(j) The Lender reasonably believes that any material adverse change in the assets, liabilities, financial condition or business of the Borrower has occurred since the date before or after the date of this Agreement; or

(k) The Borrower sells, liquidates, transfers or otherwise disposes of an asset not in strict accordance with the terms of this Loan Agreement; or

(l) If at any time the Lender reasonably believes in good faith that the prospect of payment of any Obligation or the performance of any agreement of the Borrower is materially impaired, or that there is such a change in the assets, liabilities, financial condition or business of the Borrower as the Lender believes in good faith materially impairs the Lender's security or increases its risk of non-collection, or the Borrower fails to create (i) the required number of jobs under the commitment letter of even date herewith (the "Commitment Letter") or (ii) the conditions required for such job creation have not been satisfied, if the Borrower is not required to create direct jobs.

8.2 Remedies.

(a) Upon the occurrence of any Event of Default, and at any time thereafter, the availability of advances hereunder shall, at the option of the Lender, be deemed to be automatically terminated and the Lender, at its option, may declare one or more, or all, of the Loans outstanding hereunder, together with accrued interest thereon and all applicable late charges and surcharges and all other liabilities and obligations of the Borrower to the Lender, to be forthwith due and payable, whereupon the same shall become forthwith due and payable; all of the foregoing without presentment or demand for payment, notice of non-payment, protest or any other notice or demand of any kind, all of which are expressly waived by the Borrower.

(b) The Lender shall have the following additional rights and remedies:

(i) All of the rights and remedies of a secured party under the Uniform Commercial Code or any other applicable law or at equity, all of which rights and remedies shall be cumulative and non-exclusive, to the extent permitted by law, in addition to any other rights and remedies contained in this Agreement, any other Loan Document or in any document, instrument or agreement evidencing, governing or securing the Obligations.

(ii) The right to (1) take possession of the Collateral, without resort to legal process and without prior notice to Borrower, and for that purpose Borrower hereby irrevocably appoints the Lender its attorney-in-fact to enter upon any premises on which the Collateral or any part thereof may be situated and remove the Collateral therefrom, or (2) require the Borrower to assemble the Collateral and make it available to the Lender in a place to be designated by the Lender, in its sole discretion, or (3) instruct the Bank, without further consent of Borrower, to transfer the balance of all deposit accounts of Borrower to Lender and to thereafter treat

Lender as the owner of such deposit accounts and the Bank's customer with respect to such deposit account. The Borrower shall make available to the Lender all premises, locations and facilities necessary for the Lender's taking possession of the Collateral or for removing or putting the Collateral in saleable form.

(iii) The right to sell or otherwise dispose of all or any part of the Collateral by one or more public or private sales. The Lender will give the Borrower at least five (5) business days' prior written notice of the time and place of any public sale thereof, or of the time after which any private sale or any other intended disposition (which may include, without limitation, a public sale or lease of all or part of the Collateral) is to be made. The Borrower agrees that five (5) business days is a reasonable time for any such notice. The Lender, its employees, attorneys and agents may bid and become purchasers at any such sale, if public, and may purchase at any private sale any of the Collateral that is of a type customarily sold on a recognized market or which is subject to widely distributed standard price quotations. Any public or private sale shall be free from any right of redemption, which the Borrower hereby waives and releases. If there is a deficiency after such sale and the application of the net proceeds from such sale, the Borrower shall be responsible for the same, with interest.

(iv) The right, after an Event of Default shall have occurred (and Borrower irrevocably appoints the Lender as attorney-in-fact for the Borrower for this purpose, such appointment being coupled with an interest), upon notice to Borrower and without resort to legal process, to notify the persons liable for payment of all accounts (as defined in the Uniform Commercial Code) at any time and direct such persons to make payments directly to the Lender, and to perform all acts the Borrower could take to collect on such accounts, including, without limitation, the right to notify postal authorities to change the address for delivery, open mail, endorse checks, bring collection suits, and realize upon Collateral securing such accounts. At the Lender's request, all bills and statements sent by the Borrower to the persons liable for payments of such accounts shall state that they have been assigned to, and are solely payable to, the Lender, and Borrower shall direct persons liable for the payment of such accounts to pay directly to the Lender any sums due or to become due on account thereof.

(v) The right from and after an Event of Default, from time to time without demand or notice, and without being required to look first to any other Collateral to apply and set off any or all of the Deposits against any and all Obligations even though such Obligations are unmatured.

(c) Collateral Account. Upon an Event of Default:

(i) The Borrower shall direct each of its creditors and/or customers that all payments or other distributions of whatever kind made to the Borrower shall be made to a post office box designated by the Lender (the "Lock Box"). The Lender shall have sole access to the Lock Box, and is hereby authorized by the Borrower to open all mail addressed to the Lock Box, and to apply all proceeds received therein, as herein provided. If Borrower should receive itself any such payments, the Borrower shall hold all such collections in trust for the Lender without commingling the same with other funds of the Borrower and will promptly, on the day of receipt thereof, transmit such collections to the Lender in the identical form in which

they were received by the Borrower, with such endorsements as may be appropriate, accompanied by a report, in a form approved by the Lender, showing the amount of such collections and such other information as the Lender may require.

(ii) All collections in the form of cash, checks or other demand remittances so received by, or transmitted to, the Lender shall upon receipt by the Lender be credited to the Collateral Account established hereunder, subject to subsection (c) below. Each such credit shall be conditional upon final payment to the Lender of all items giving rise to such credit, and, if any item is not so paid, the credit for such item shall be reversed whether or not the item has been returned and the amount thereof, in the Lender's discretion may be charged to any operating account of Borrower with the Lender. All collections in the form of notes, drafts, acceptances or other instruments not payable on demand shall be delivered by the Borrower to the Lender. When such items are collected, the amount thereof shall be credited by the Lender to the Collateral Account, with appropriate notice to the Borrower. Until such items are collected, the Borrower will not, without the consent of the Lender, make any entry on its books or records indicating that the same were received in payment of the receivable giving rise thereto.

(iii) At such intervals as the Lender may deem appropriate, the Lender shall charge and apply the full amount then on deposit in the Collateral Account in reduction or payment of Borrower's Loan Account, such application to be subject to the final payment in cash of all items theretofore credited to such Collateral Account.

9. Lien and Set Off. The Borrower hereby gives the Lender a lien and right of set off for all of Borrower's liabilities and obligations to the Lender upon and against all Collateral now or hereafter in the possession, custody, safekeeping or control of the Lender or in transit to it.

10. Miscellaneous.

10.1 Certain Waivers. Borrower hereby waives diligence, demand, presentment for payment, notice of nonpayment, protest and notice of dishonor, and hereby agrees to any extension or delay in the time for payment or enforcement, to renewal of any Loan and to any substitution or release of any Collateral, all without notice and without any effect on their liabilities. Any delay on the part of the Lender in exercising any right hereunder, or under any other Loan Document which may secure any Loan, shall not operate as a waiver of any such right, and any waiver granted for one occasion shall not operate as a waiver in the event of a subsequent default. The Lender may revoke any permission or waiver previously granted to Borrower, such revocation to be effective prospectively when given, whether given orally or in writing. The rights and remedies of the Lender shall be cumulative and not in the alternative, and shall include all rights and remedies granted herein, in any other Loan Document and under all applicable laws.

LENDER AND BORROWER IRREVOCABLY WAIVE ALL RIGHTS TO A TRIAL BY JURY IN ANY PROCEEDING HEREAFTER INSTITUTED BY OR AGAINST THE LENDER OR BORROWER IN RESPECT TO THIS AGREEMENT, THE NOTES OR ANY OTHER LOAN DOCUMENT.

BORROWER (i) ACKNOWLEDGES THAT THE TRANSACTION OF WHICH THIS AGREEMENT IS A PART IS A COMMERCIAL TRANSACTION AND (ii) TO THE EXTENT PERMITTED BY ANY STATE OR FEDERAL LAW, WAIVES ANY RIGHT TO PRIOR NOTICE OF, AND A HEARING ON, THE RIGHT OF ANY HOLDER OF THE NOTES, TO ANY REMEDY OR COMBINATION OF REMEDIES THAT ENABLES SAID HOLDER, BY WAY OF ATTACHMENT, FOREIGN ATTACHMENT, GARNISHMENT OR REPLEVIN, TO DEPRIVE THE BORROWER OF ANY OF THEIR PROPERTY, AT ANY TIME, PRIOR TO FINAL JUDGMENT IN ANY LITIGATION INSTITUTED IN CONNECTION WITH THIS AGREEMENT.

10.2 Notices. All notices, requests or demands to or upon a party to this Agreement shall be given or made by the other party hereto in writing, in person or by depositing in the mail, postage prepaid, return receipt requested, addressed to the addressee at the address set forth herein as the Borrower's chief executive office or to such other addresses as such addressee may have designated in writing to the other party hereto.

10.3 Expenses; Additional Documents. The Borrower will pay all taxes levied or assessed upon the principal sum of the advances made against the Lender, all fees of the Lender for its Lock-Box services and all other fees provided herein, and all expenses arising out of the preparation, amendment, waiver, modification, protection, collection and/or other enforcement of this Agreement, or any other Loan Document, or of any Collateral or security interest now or hereafter granted to secure the Loans or mortgage, security interest or lien, granted hereunder or under any other Loan Document (including, without limitation, attorneys' fees). The Borrower will, from time to time, at its sole expense, execute and deliver to the Lender all such other and further instruments and documents, and take or cause to be taken all such other and further action as the Lender shall request in order to effect and confirm or vest more securely all rights contemplated by this Agreement or any other Loan Document.

10.4 Addendums. Any Addendums that are attached hereto are and shall constitute a part of this Agreement.

10.5 Governing Law; Consent to Jurisdiction. This Agreement, the other Loan Documents and the rights and obligations of the parties hereunder, and thereunder, shall be construed and interpreted in accordance with the laws of the State of Florida, USA. The Borrower agrees that the execution of this Agreement and the other Loan Documents, and the performance of the Borrower's obligations hereunder, and thereunder, shall be deemed to have a Florida situs and the Borrower shall be subject to the personal jurisdiction of the courts of Florida with respect to any action the Lender or its successors or assigns may commence hereunder or thereunder. Accordingly, the Borrower hereby specifically and irrevocably consents to the jurisdiction of the courts of Florida with respect to all matters concerning this Agreement, the other Loan Documents, the Notes or the enforcement of any of the foregoing.

10.6 Survival of Representations. All representations, warranties, covenants and agreements herein contained or made in writing in connection with this Agreement shall survive the execution and delivery of the Loan Documents and shall continue in full force and effect until all amounts payable on account of all Loans, the Loan Documents and this Agreement shall have been paid in full and this Agreement has been terminated.

10.7 Integration; Severability; Successors. This Agreement is the final, complete and exclusive statement of the terms governing this Agreement. If any provision of this Agreement shall to any extent be held invalid or unenforceable, then only such provision shall be deemed ineffective and the remainder of this Agreement shall not be affected. The provisions of this Agreement shall bind the heirs, executors, administrators, assigns and successors of the Borrower and shall inure to the benefit of the Lender, its successors and assigns.

10.8 Determinations as to Compliance. All documents and assurances of any type related to the fulfillment of any condition or compliance with any provision hereof or of any other Loan Document and all other matters related to the Loans are subject to the prior approval and satisfaction of the Lender, its counsel and other consultants.

10.9 Termination of this Agreement. This Agreement shall terminate upon the written agreement of the parties hereto to the termination of any privilege of the Borrower to take advances and/or full and final payment of all amounts with respect to all Loans or amounts otherwise due hereunder and under the other Loan Documents.

10.10 Attorney's Fees. Lender shall be entitled to recover all reasonable attorney's fees and expenses incurred by it in connection with enforcement of this Loan Agreement, including costs of collection.

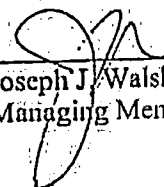
[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the undersigned executes this Agreement as an instrument under seal
as of the date first set forth above.

LENDER

Palm House Hotel, LLLP

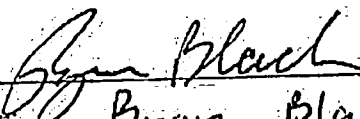
By South Atlantic Regional Center, LLC, its General Partner

By: 
Joseph J. Walsh
Managing Member

Dated: 1/21, 2013

BORROWER

Palm House, LLC

By: 
Name: Ryan Black
Title: Managing Member

Dated: 1/20/, 2013

NOT A CERTIFIED COPY

PROMISSORY NOTE

20

For value received, **Palm House, LLC** (the "Borrower"), a Delaware limited liability company of 214 Brazilian Ave., Suite 200, Palm Beach, FL 33480, hereby promises to pay to the order of **Palm House Hotel, LLLP**, a Florida limited partnership of 197 S. Federal Highway, Suite 200, Boca Raton, FL 33432 (the "Lender"), or at such other address as the holder hereof may designate, the principal amount of all advances made by the Lender to the Borrower hereunder, in lawful money of the United States. This Note evidences the Borrower's indebtedness under a Loan and Security Agreement with Lender (the "Loan Agreement"), as may be amended from time to time. During the period from the date hereof until the fifth anniversary ("Termination Date") of the date of the first Advance hereunder ("First Advance"), the Lender may make advances ("Advances") from time to time thereunder and the Borrower may borrow; provided, however, that the aggregate amount of all advances at any one time outstanding shall not exceed \$39,500,000 USD; and provided, further, that the Lender's obligation to make advances and the Borrower's right to borrow are subject to the terms, conditions and limitations contained in this Note and the Loan Agreement.

The outstanding principal of all Advances hereunder will bear interest at the rate per annum of 4.22%. Interest shall be computed on the basis of a 365 day year and actual days elapsed. Upon default or after judgment has been rendered on this Note, the unpaid principal of all Advances shall bear interest at a rate which is two (2%) percent per annum greater than that which would otherwise be applicable.

The balance of all Advances and all accrued unpaid interest thereon shall be repaid as follows. Upon and after the First Advance hereunder, Borrower shall make payments of interest only on the outstanding principal balance of all Advances at the rate set forth above and until expiration of 5 years from the First Advance hereunder (the "Initial Term").

Upon the Termination Date, and within 30 days thereafter, the outstanding principal balance of all Advances and all accrued interest then outstanding shall be due. Borrower shall make commercially reasonable efforts to repay the outstanding principal balance of all Advances and all accrued unpaid interest thereon after the Termination Date. If Borrower cannot sell or refinance such amounts on commercially reasonable terms, or at all, prior to the end of the Initial Term, Borrower may, upon written notice to Lender and in Borrower's sole discretion, extend the term of this Note for an additional one year period (each an "Extension Period") subject to all other terms of this Note and the Loan Agreement and provided Borrower is not otherwise in default hereunder. During each Extension Period, Borrower shall make interest payments on the outstanding principal balance of all Advances and all accrued unpaid interest thereon then outstanding.

All payments hereunder shall be applied first to the payment of interest on the unpaid principal of all Advances outstanding under this Note, and then to the balance on account of the principal of all Advances due under this Note.

Borrower shall pay Lender a late charge of five (5%) percent of any amount due to the Lender which is not paid or reimbursed by the Borrower within 5 business days of the due date thereof to defray the extra cost and expense involved in handling such delinquent payment and the increased risk of non-collection. The minimum late charge shall be \$100.00.

If at any time, the rate of interest, together with all amounts which constitute interest and which are reserved, charged or taken by the Lender as compensation for fees, services or expenses incidental to the making, negotiating or collection of any advance evidenced hereby, shall be deemed by any competent court of law, governmental agency or tribunal to exceed the maximum rate of interest permitted to be charged by the Lender to the Borrower, then, during such time as such rate of interest would be deemed excessive, that portion of each sum paid attributable to that portion of such interest rate that exceeds the maximum rate of interest so permitted shall be deemed a voluntary prepayment of principal.

The Borrower may not, without Lender's prior express written consent, prepay this Note prior to the expiration of the Initial Term. Thereafter, Borrower may prepay this Note, in whole or in part, at any time, without penalty or premium, and without prior written consent of Lender.

Upon the happening of any Event of Default (as defined in the Loan Agreement), all Advances outstanding hereunder, together with accrued interest thereon, shall, at the option of the Lender, accelerate and become immediately due and payable and any privilege of the Borrower to take or request advances hereunder shall terminate without demand or notice of any kind. Failure to exercise such option shall not constitute a waiver of the right to exercise the same in the event of any subsequent default. This Note has been executed and delivered in accordance with the Loan Agreement of even date herewith between the Borrower and the Lender, incorporated herein by reference, which sets forth further terms and conditions upon which the entire unpaid principal hereof and all interest hereon may become due and payable prior to the Termination Date, and generally as to further rights of the Lender and duties of the Borrower. All advances made by the Lender to the Borrower shall be evidenced by the books and records of the Lender which shall be conclusive, absent manifest error.

The Borrower agrees to pay all taxes levied or assessed upon the outstanding principal against any holder of this Note and to pay all reasonable costs, including attorneys' fees, costs relating to the appraisal and/or valuation of assets and all other costs for expenses incurred in the collection, protection, defense, preservation, and/or enforcement of this Note or any endorsement of this Note or in any litigation arising out of the transactions of which this Note or any endorsement of this Note is a part.

The Borrower hereby gives the Lender a lien and right of set off for all of Borrower's liabilities and obligations subject to any priority liens of record upon and against all the deposits, credits, collateral and property of the Borrower, now or hereafter in the possession, custody, safekeeping or control of the Lender or in transit to it. At any time, without demand or notice, and without being required to look first to any other security, the Lender may set off the same, or any part thereof, and apply the same to any obligation of the Borrower even though unmatured.

THE LENDER AND THE BORROWER IRREVOCABLY WAIVE ALL RIGHT TO A TRIAL BY JURY IN ANY PROCEEDING HEREAFTER INSTITUTED BY OR AGAINST THE LENDER OR THE BORROWER IN RESPECT TO THIS NOTE OR ARISING OUT OF ANY DOCUMENT, INSTRUMENT OR AGREEMENT EVIDENCING, GOVERNING OR SECURING THIS NOTE, INCLUDING THE AFORESAID AGREEMENT.

THE BORROWER (1) ACKNOWLEDGES THAT THE LOAN EVIDENCED BY THIS NOTE IS PART OF A COMMERCIAL TRANSACTION AND (2) TO THE EXTENT PERMITTED BY ANY STATE OR FEDERAL LAW, WAIVES THE RIGHT BORROWER MAY HAVE TO PRIOR NOTICE, OF AND A HEARING ON, THE RIGHT OF ANY HOLDER OF THIS NOTE TO ANY REMEDY OR COMBINATION OF REMEDIES THAT ENABLES SAID HOLDER, BY WAY OF ATTACHMENT, FOREIGN ATTACHMENT, GARNISHMENT OR REPLEVIN, TO DEPRIVE THE BORROWER OF ANY OF BORROWER'S PROPERTY, AT ANY TIME, PRIOR TO FINAL JUDGMENT IN ANY LITIGATION INSTITUTED IN CONNECTION WITH THIS NOTE.

The Borrower hereby waives diligence, demand, presentment for payment, notice of nonpayment, protest and notice of protest, and notice of any renewals or extensions of this Note, and all rights under any statute of limitations, and agrees that the time for payment of this Note may be changed and extended at the Lender's sole discretion, without impairing the Borrower's liability hereon, and further consents to the release of all, or any part, of the security for the payment hereof at the discretion of the Lender. Any delay on the part of the Lender in exercising any right hereunder shall not operate as a waiver of any such right, and any waiver granted for one occasion shall not operate as a waiver in the event of any subsequent default.

The making of an advance at any time shall not be deemed a waiver of, or consent, agreement or commitment to or by the Lender to the making of any future advance to the Borrower.

If any provision of this Note shall, to any extent, be held invalid or unenforceable, then only such provision shall be deemed ineffective and the remainder of this Note shall not be affected.

This Note shall bind the heirs, executors, administrators, successors and assigns of the Borrower and shall inure to the benefit of the Lender, its successors and assigns.

This Note is secured in accordance with the terms of the Loan Agreement of even date herewith between the Lender and the Borrower, and by other security.

This Note is executed as a sealed instrument and shall be governed by, and construed in accordance with, the laws of the State of Florida, USA.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the undersigned executes this Agreement as an instrument under seal as of the date first set forth above.

LENDER

Palm House Hotel, LLLP

By South Atlantic Regional Center, LLC, its General Partner

By: [Signature]
Joseph J. Walsh
Managing Member

Dated: 1/21, 2013

BORROWER

Palm House, LLC

By: Ryan Black
Name: Ryan Black
Title: Managing Member

Dated: January 20, 2013

New York
STATE OF FLORIDA :

New York
COUNTY OF PALM BEACH:

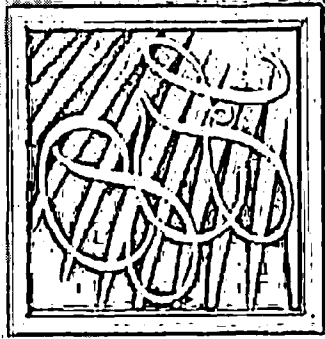
On this, the 20th day of January, 2013 before me, the undersigned officer, personally appeared Ryan Black, who acknowledged himself to be the President of Palm House, LLC, a Delaware limited liability company of 214 Brazilian Ave., Suite 200, Palm Beach, FL 33480, and that he as President, being authorized to do so, executed the foregoing instrument freely and voluntarily for the purposes therein contained by signing the name of the company in his capacity as President. IN WITNESS WHEREOF, I have hereunto set my hand and notarial seal.

[Signature]
SYLVIA BLOOMFIELD
Notary Public, State of New York
No. 01BL6060027
Qualified in Queens County
Certificate filed in New York County
Commission Expires June 11, 2015

Notary Public
My Commission Expires: June 11, 2015

EXHIBIT “19”

NOT A CERTIFIED COPY



THE PALM HOUSE

A Luxury Condominium Hotel and Spa on Palm Beach

棕榈滩公馆

棕榈滩岛上最后一座批准的酒店





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3. 项目介绍.....	P11 - P35
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棕榈滩-美国东海岸的奢华之地

THE PALM HOUSE

A Luxury Condominium Hotel and Spa on Palm Beach

1. 2011年彭博社评其为美国最富裕的地区;
2. 3万人口，都是富人、退休富人及其佣人;
3. 27个10亿级富豪的住所;
4. 美国东海岸富人家庭的居住和度假去处，强大的豪宅及豪华酒店需求。

Palm Beach



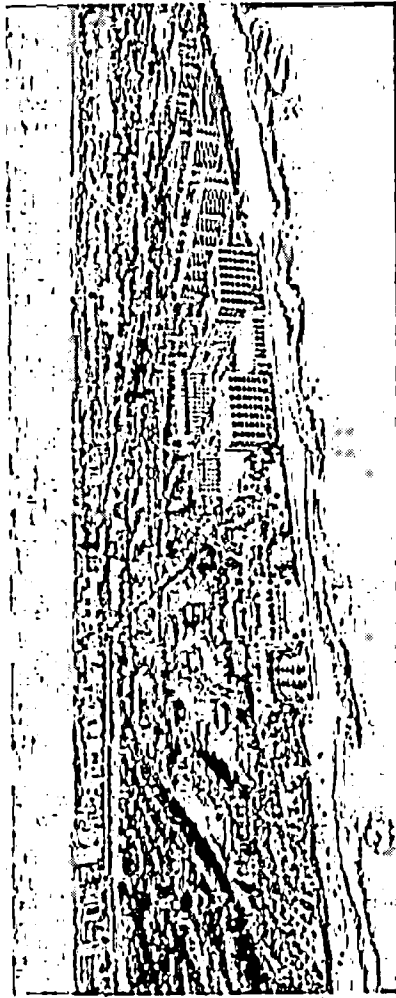
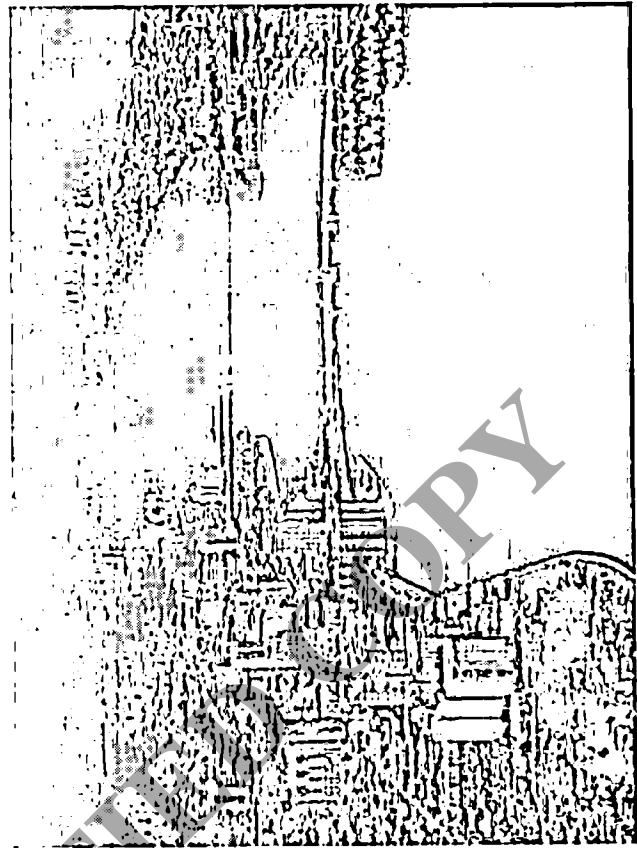
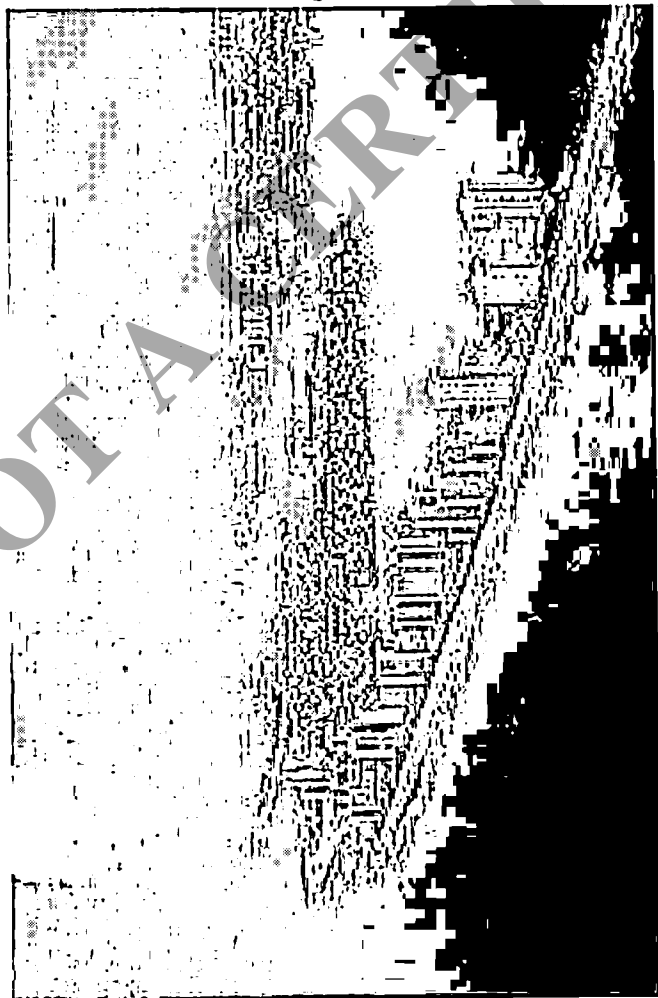
棕榈滩-美国东海岸的奢华之地



奢华度假——棕榈岛全景

THE PALM HOUSE

A Luxury Condominium Hotel and Spa on Palm Beach



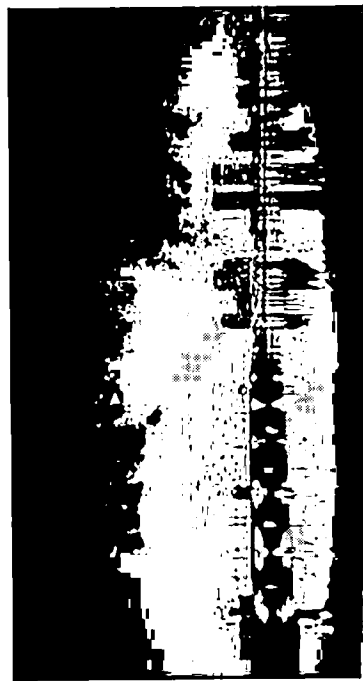
棕榈岛公建——奢华会所、棕榈岛上最后一座仿自然的酒店



奢华度假——棕榈岛全览

THE PALM HOUSE

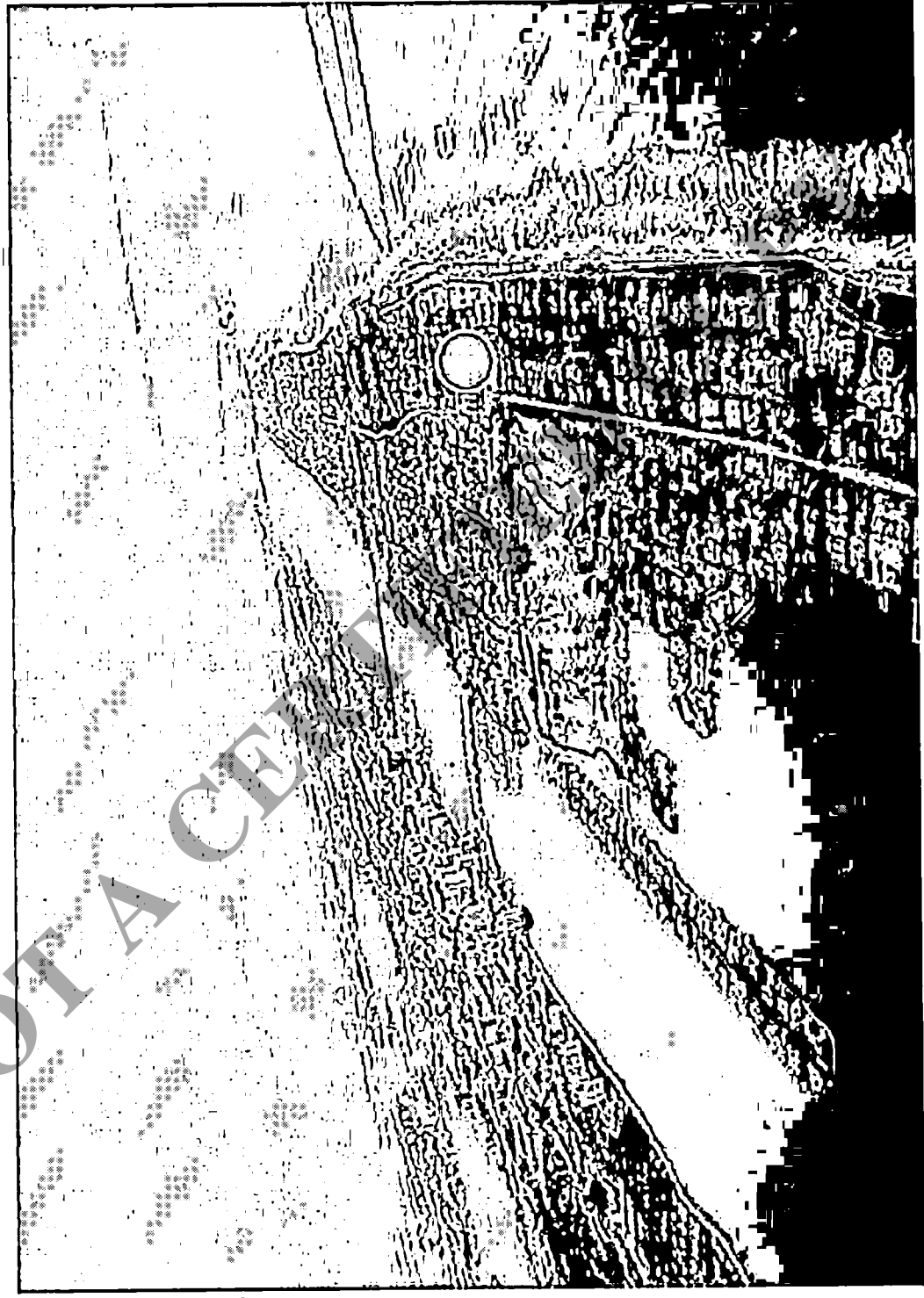
A Luxury Condominium Hotel and Spa on Palm Beach



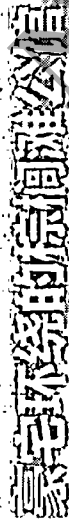
棕榈岛酒店——奢华会所 棕榈岛上最后一座以酒店命名的酒店

棕榈滩公馆-金融街中心

THE PALM HOUSE
A Luxury Condominium Hotel and Spa on Palm Beach



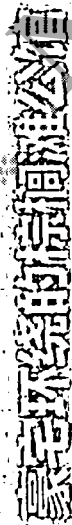
棕榈滩公馆-奢华会所 棕榈滩岛上最后一座豪华酒店



THE PALM HOUSE

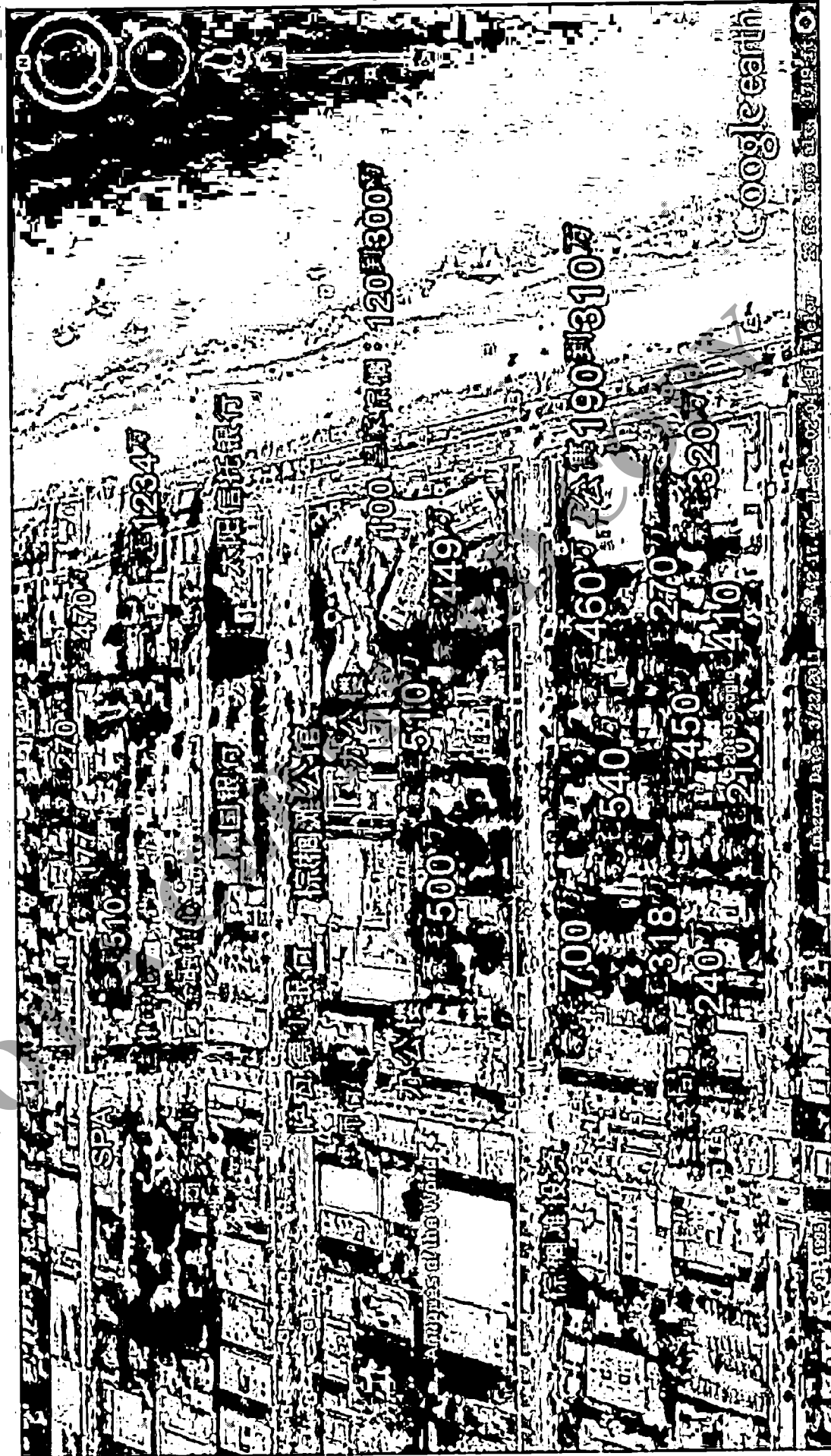
A Luxury Condominium Hotel and Spa on Palm Beach

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THE VINYL HOUSE

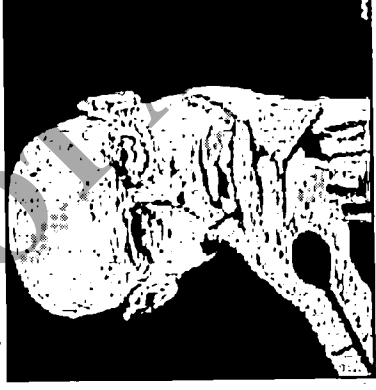
A Privacy Condominium Model and Spin on Palm Beach



新開張公館全座酒樓上皇一號北街酒店

棕榈滩上多位全球顶级富豪

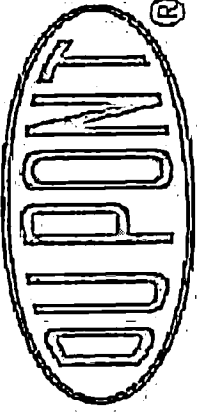
THE PALM HOUSE
A Luxury Condominium Hotel and Spa on Palm Beach



SALOMON SMITH BARNEY

A Member of Travelers Group

Blackstone



ESTÉE LAUDER

棕榈滩公馆——奢华会所 棕榈滩岛上最后一座钻石酒店

棕榈滩上多位全球顶级富豪

THE PALM HOUSE

A luxury Condominium Hotel and Spa on Palm Beach



\$5200万 Howard Stern电台主播



1236 Ocean Blvd

\$8150万 前高盛合伙人



Donald Trump's Mansion \$9500万



150 South Ocean Blvd, \$2600万

David Koch of Koch Industries

(美国第二大私人企业, 2012年福布斯第17位富豪)

棕榈滩公馆-奢华会所 棕榈滩岛上最后一座滨海酒店



棕榈滩公馆

THE PALM HOUSE

A luxury Condominium Hotel and Spa on Palm Beach



棕榈滩公馆 - 奢华会所 棕榈滩岛上最后一座北美的酒店

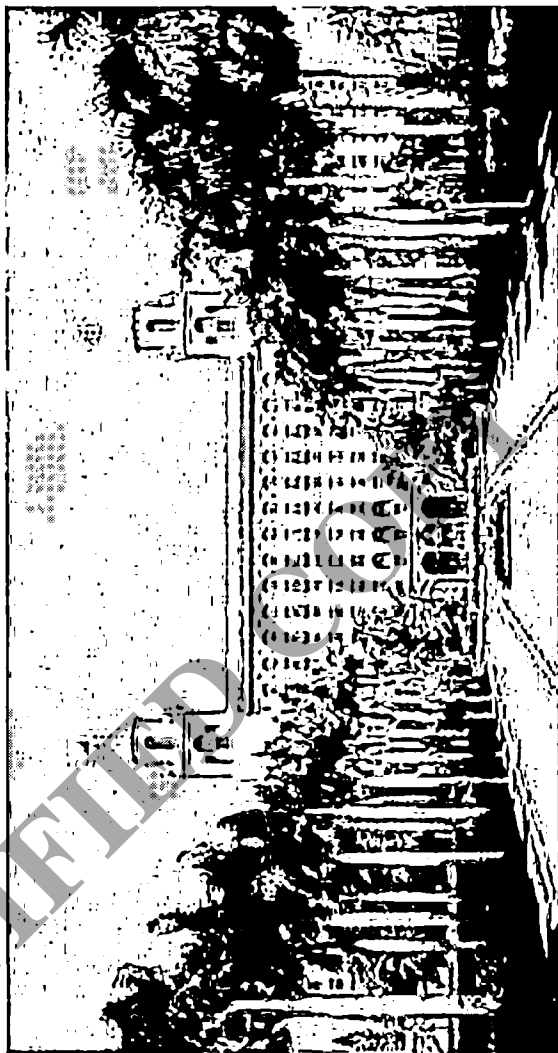


棕榈岛公寓项目介绍

THE PALM HOUSE

A Luxury Condominium Hotel and Spa on Palm Beach

- 128000平方英尺；
- 79个单位的共管式奢华会所酒店；
- 坐落于棕榈滩岛上；
- 顶级富豪私密会所；
- 世界级富豪和名人的家；
- 工程完成85%，施工在稳步进行；
- 岛上最后一个被批准修建的酒店。



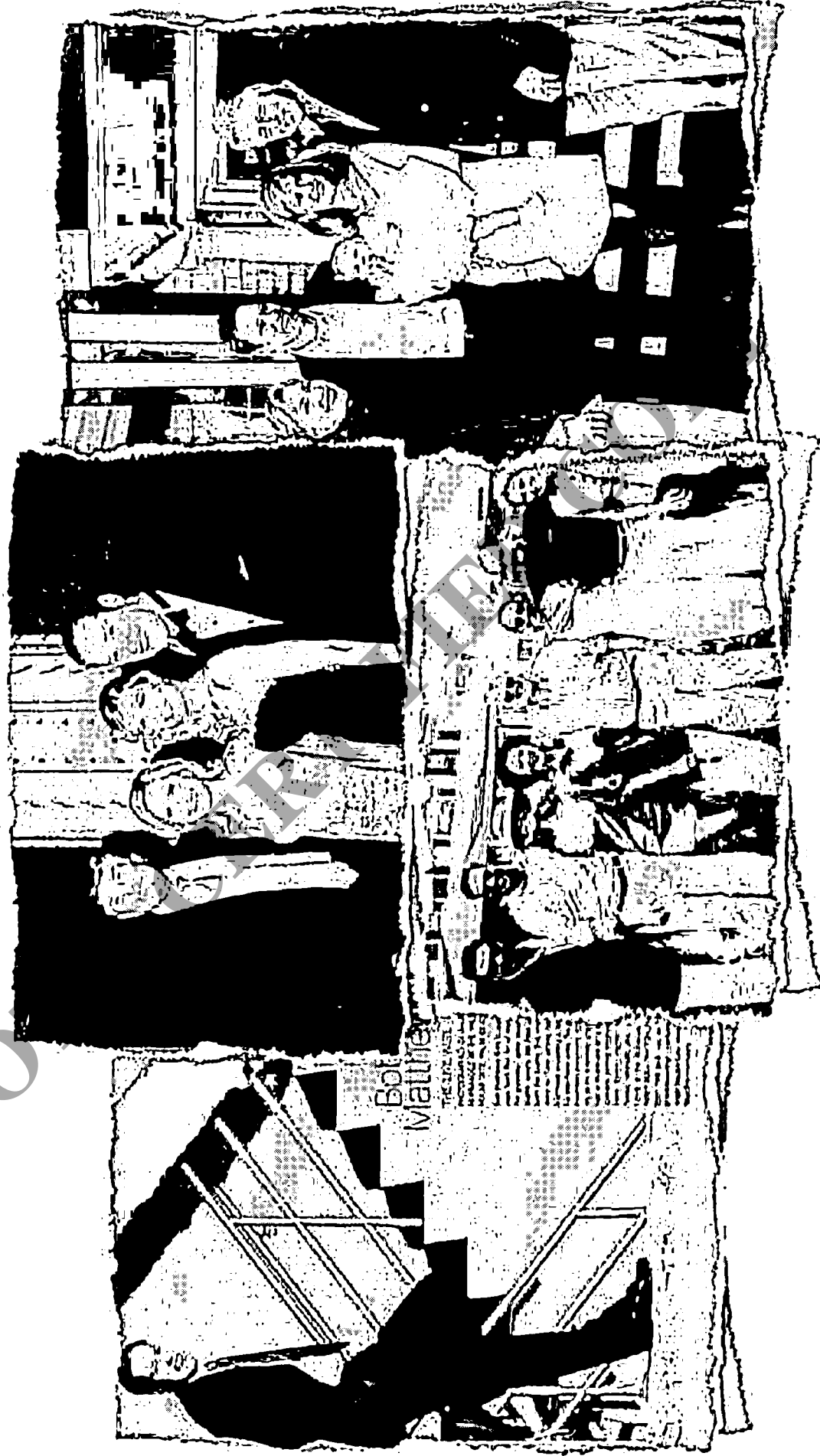
棕榈岛公寓——奢华会所 棕榈滩岛上最后一座批准修建的酒店



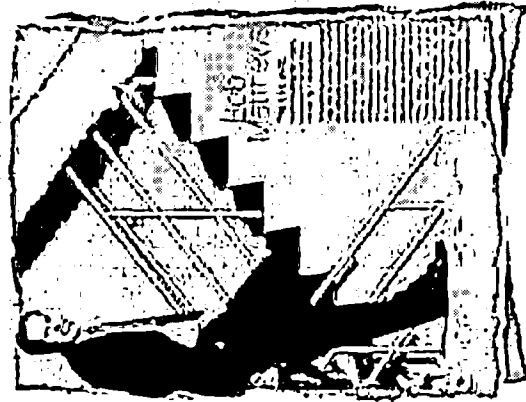
开发商 Robert Matthews

THE PALM HOUSE

A Luxury Condominium Floor and Spa on Palm Beach



棕榈滩公館——新会所 棕榈滩上最后一座豪华酒店



Robert V. Matthews

Matthews Ventures Holdings, LLC主席

过去25年他曾控股的著名企业

- Matthews Hospitality Group, LLC
- Echelon Engineering & Construction, Inc.
- Stromberg, LLC
- Bentley Churchill Acquisitions, LLC
- Fabricated Metal Products, Inc.
- Palm Beach Marina Holding Corp.
- Matthews Ventures Holdings, LLC

他旗下的慈善项目

- American Cancer Society
- American Indian Archaeological Institute
- American Ireland Fund
- Children's Home Society
- Dana-Farber Cancer Institute
- Foundation for the Advancement of Catholic Schools
- March of Dimes

闻名美国地产界的著名案例：

1994年收购New Haven一幢30万平方尺的写字楼，一年时间将其出租率从18%提升至93%
用50万美金收购New Haven乔治大街300号一幢56万平方尺的写字楼，两年后用55倍的价格出售

Matthews Ventures Holdings目前在全美持有6亿美元的豪华公寓和酒店资产组合

MVH 是HIG Acquisitions LLC主要控股股东,该私募基金致力于收购全球的5星级酒店资产以重新定位;

Matthews Hospitality Group, 一家致力于收购豪华物业以改善其经营的基金. Matthews 刚完成其家族慈善基金Matthews family foundation 的募集。



1993年美国年度企业家知名地产商

THE PALM HOUSE

A Luxury Condominium Hotel and Spa on Palm Beach

Matthews
The 1993 year for Matthews is going to be a year of growth and expansion. Matthews is looking to make a big move in the year 2000. Matthews is looking to make a big move in the year 2000.

Magazine
RISING HIGH
The 1993 year for the magazine is going to be a year of growth and expansion. The magazine is looking to make a big move in the year 2000.

Developer of the Month
Robert V. Matthews
Matthews is looking to make a big move in the year 2000. Matthews is looking to make a big move in the year 2000.

BUSINESS
RICHARD buys One Long White
The 1993 year for Richard is going to be a year of growth and expansion. Richard is looking to make a big move in the year 2000.

Business Digest
The 1993 year for the Business Digest is going to be a year of growth and expansion. The Business Digest is looking to make a big move in the year 2000.

Money talks
The 1993 year for Money is going to be a year of growth and expansion. Money is looking to make a big move in the year 2000.

Money talks
The 1993 year for Money is going to be a year of growth and expansion. Money is looking to make a big move in the year 2000.

Entrepreneur rides in to rescue aging factory
The 1993 year for Entrepreneur is going to be a year of growth and expansion. Entrepreneur is looking to make a big move in the year 2000.

Entrepreneur rides in to rescue aging factory
The 1993 year for Entrepreneur is going to be a year of growth and expansion. Entrepreneur is looking to make a big move in the year 2000.

常河成公馆 奢华会所 微网岛上最后一座北准的酒店

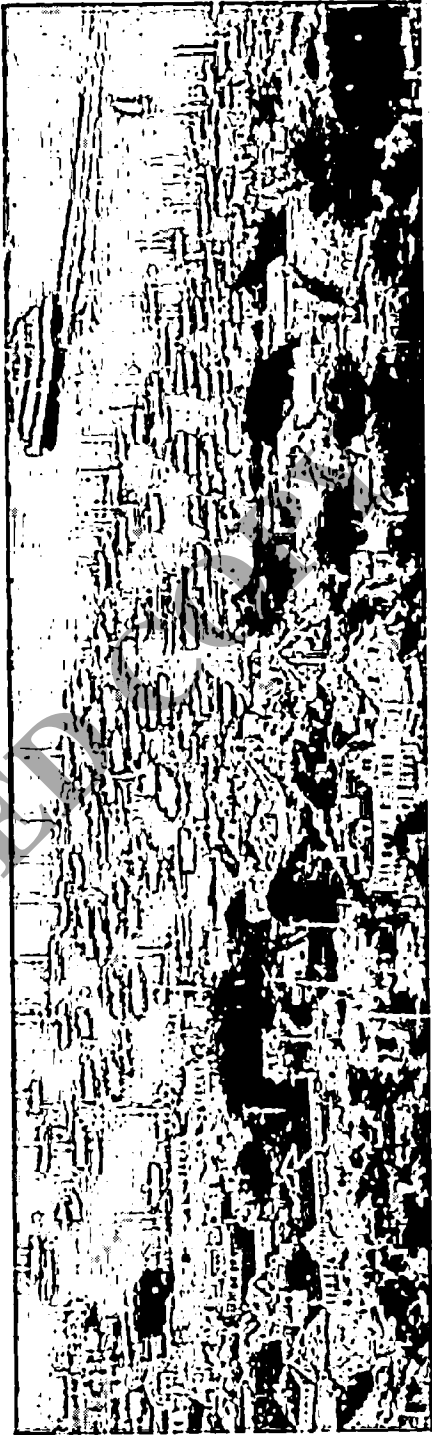
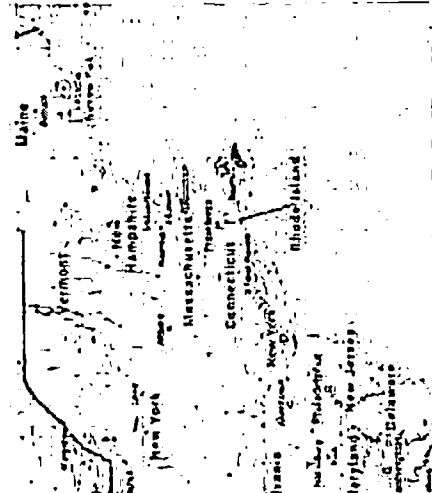
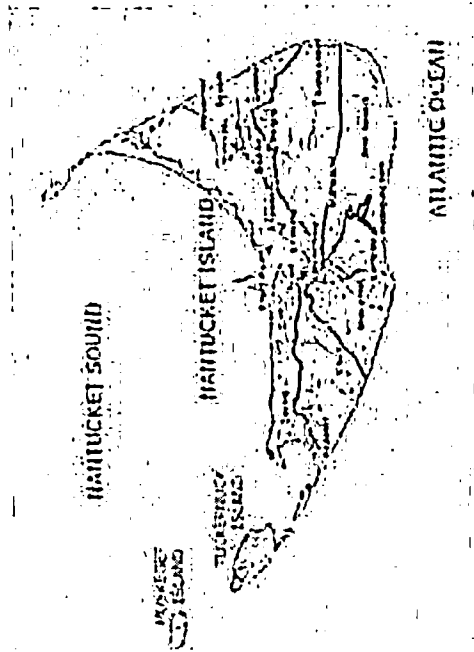
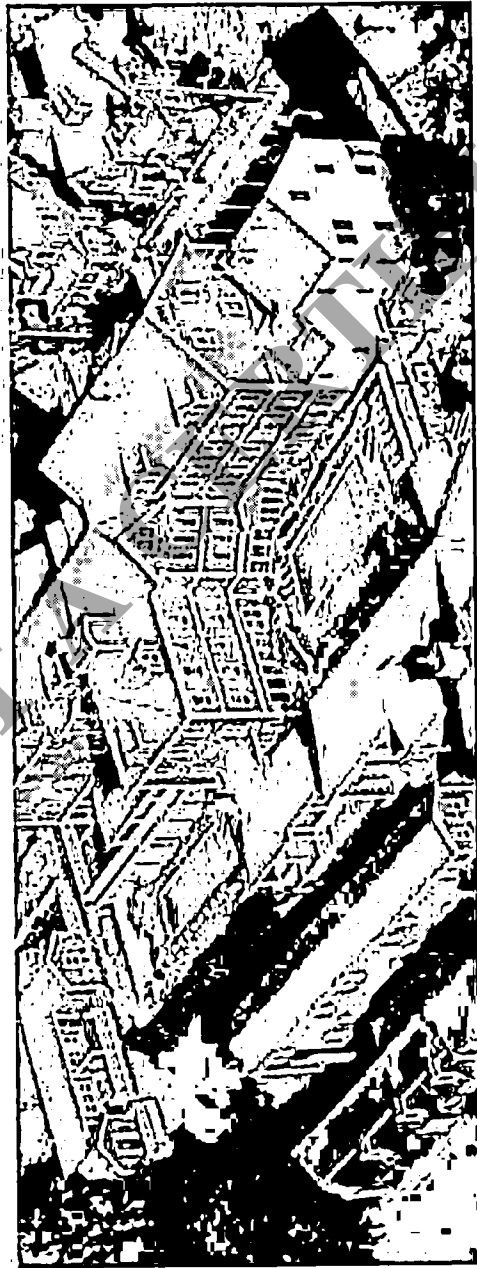


开发商旗下的环球奢华酒店

THE PALM HOUSE

A luxury Condominium Hotel and Spa on Palm Beach

Point Breeze on Nantucket Island



棕榈滩公馆 奢华会所 棕榈滩岛上最后一座豪华酒店

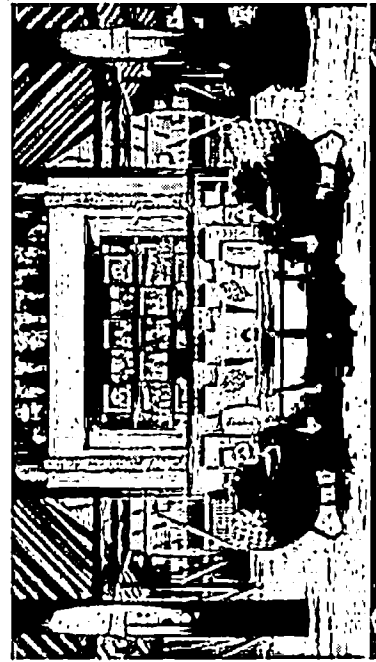
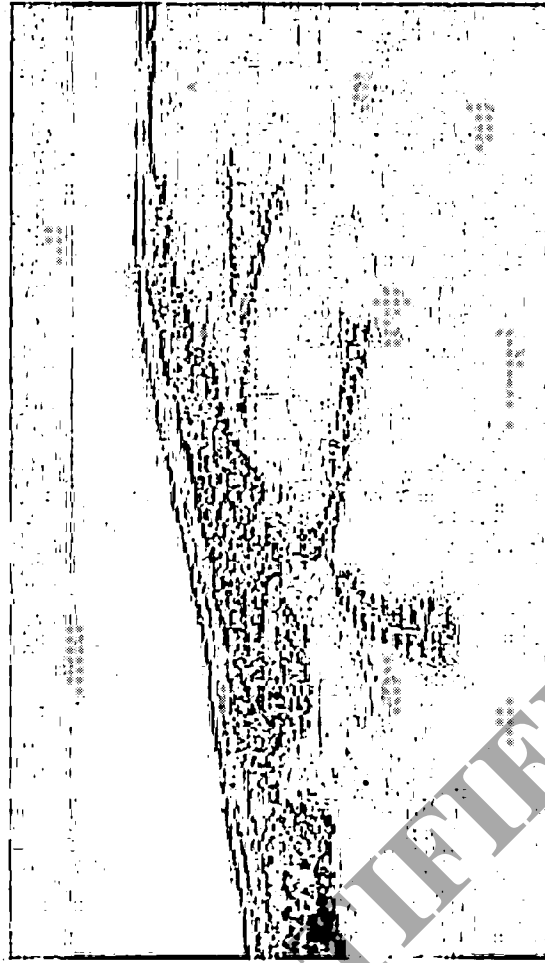


开发南旗下的环球奢华酒店

THE PALM HOUSE

A Luxury Condominium Hotel and Spa on Palm Beach

Four Seasons French Polynesia, Bora Bora



豪华会所 度假酒店 最后一家酒店

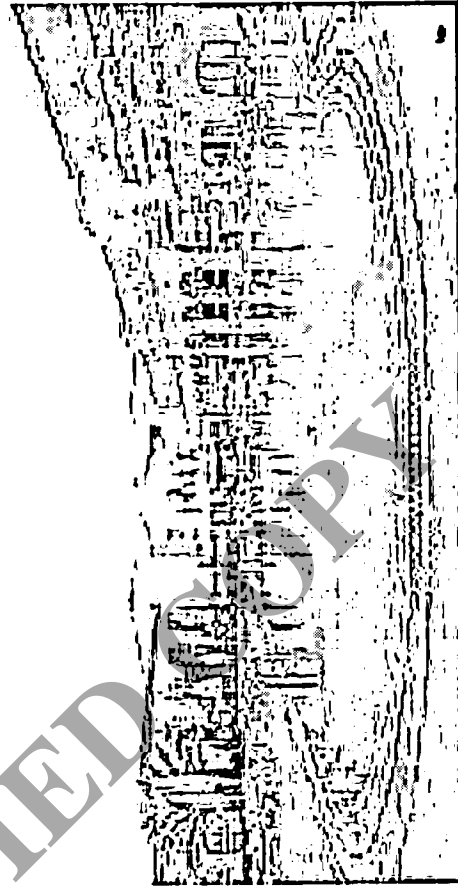
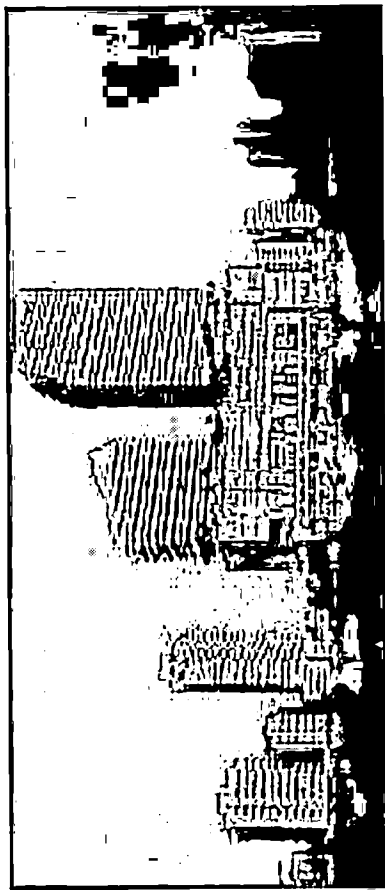
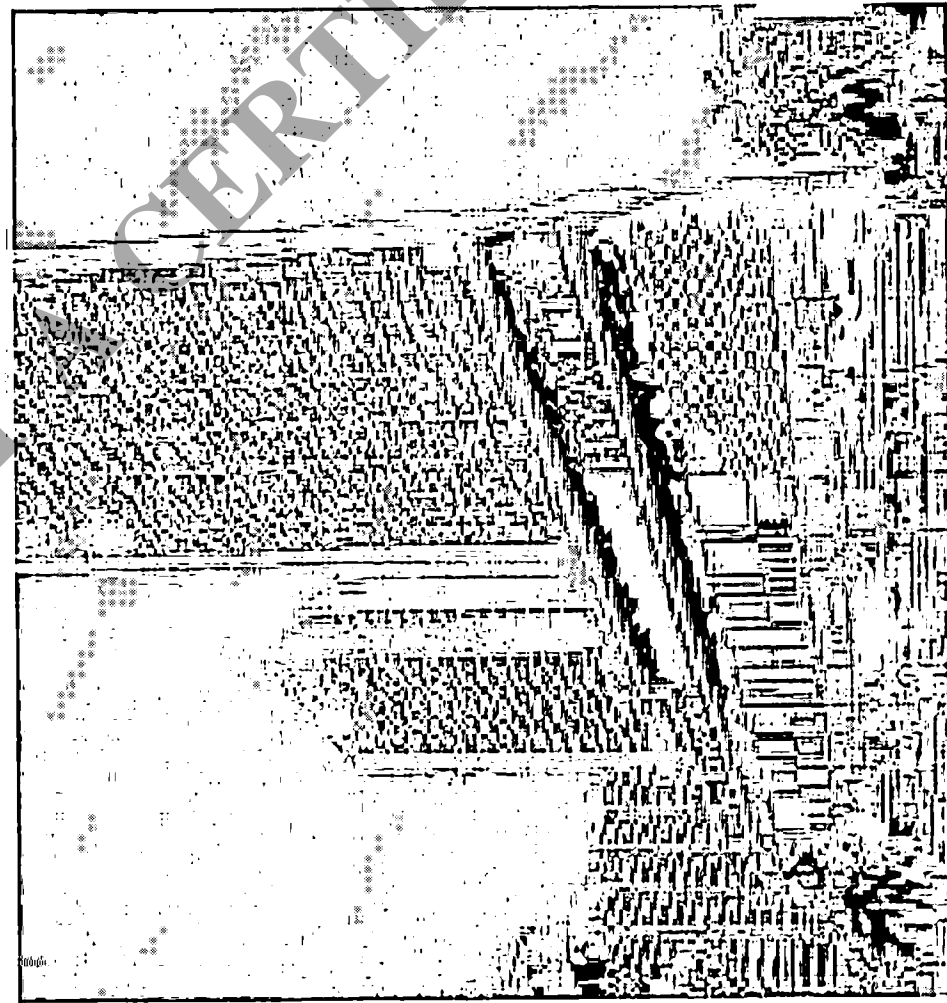


开发商旗下的环球奢华酒店

THE PALM HOUSE

A luxury Condominium Hotel and Spa on Palm Jumeirah

Hyatt Regency Cartagena Hotel and Residences



棕榈岛度假酒店 - 奢华会所 棕榈岛上最后一座豪华酒店

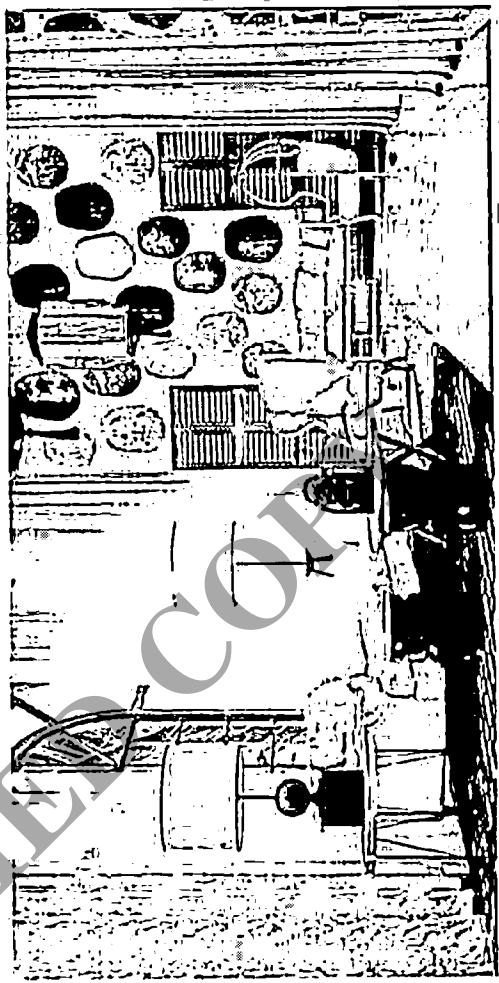
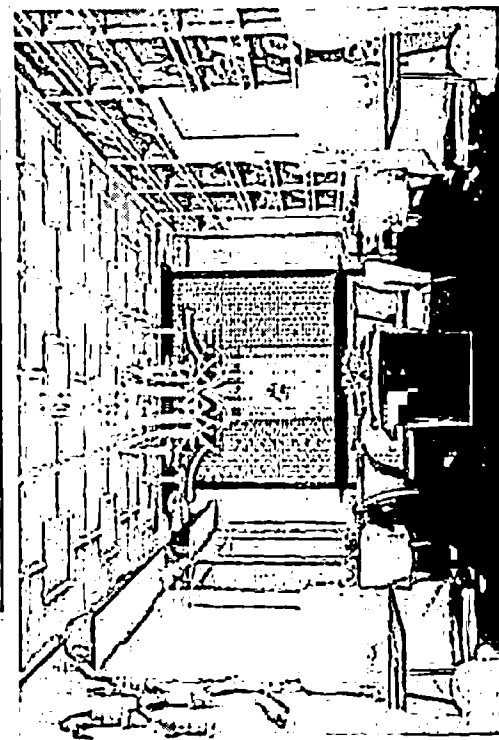
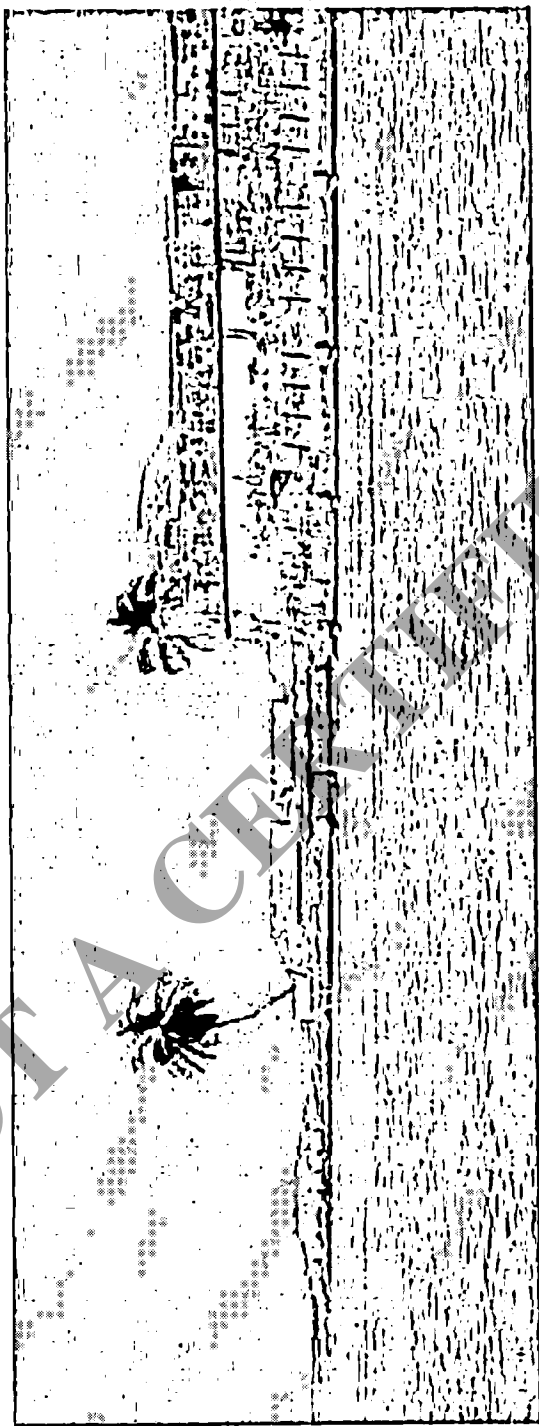


开发商旗下的五星级酒店

THE PALM HOUSE

A Luxury Condominium Hotel and Spa on Palm Beach

Cartagena Bodegon Boutique



棕榈滩公寓——奢华会所 棕榈滩岛上最后一座顶级的酒店

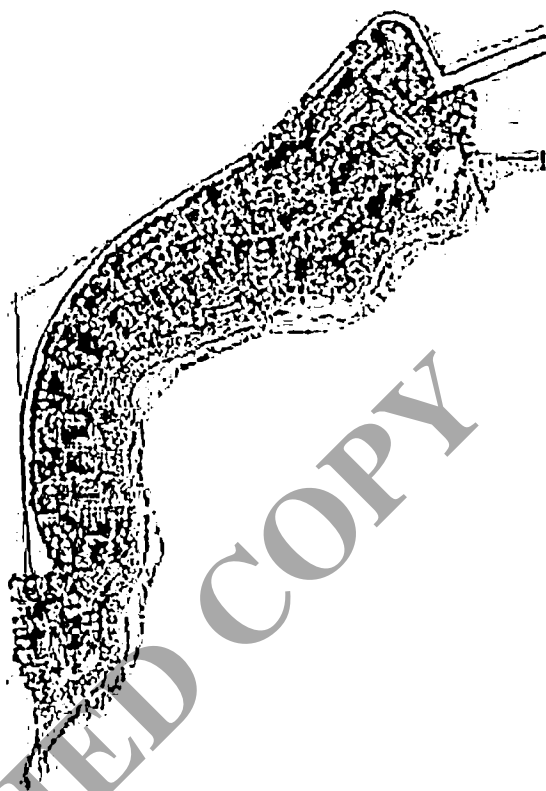


开发商旗下的环球奢华酒店

THE PALM HOUSE

A Luxury Condominium Hotel and Spa on Palm Jumeirah

Galapagos Eco-Luxury Resort Santa Cristobal Island



开发商旗下的环球奢华酒店 开发商旗下的环球奢华酒店 开发商旗下的环球奢华酒店



开发商旗下的环球奢华酒店

THE PALM HOUSE

A Luxury Condominium Hotel and Spa on Palm Beach

Casi Cielo Panama



棕榈岛公馆—奢华会所 棕榈岛海上最后一座豪华酒店

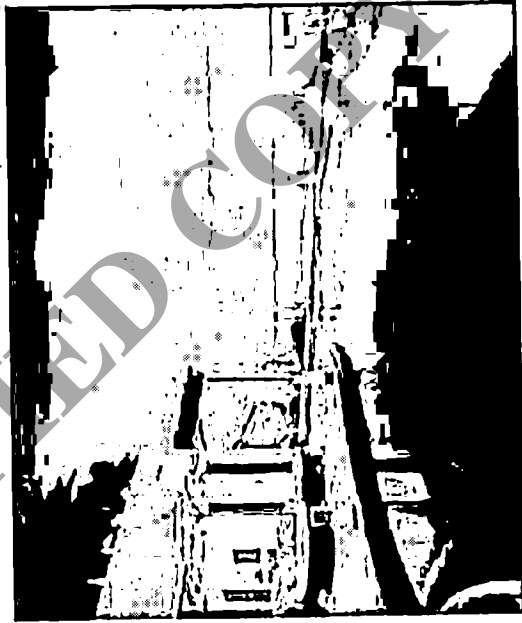
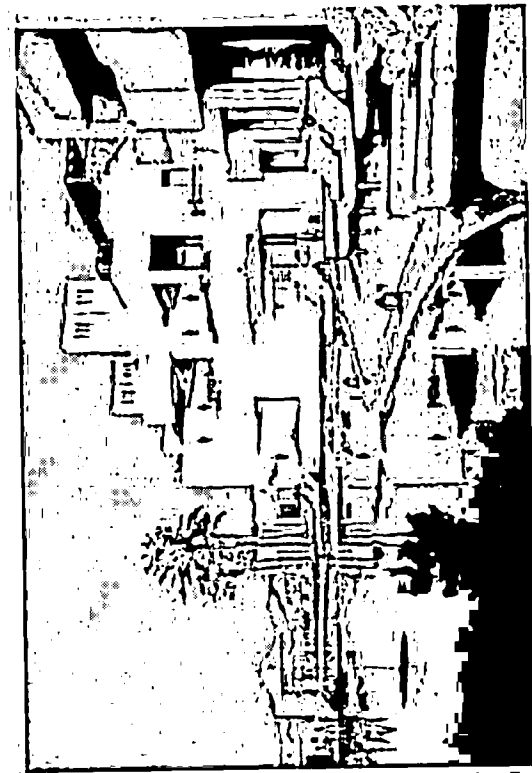


开发商旗下的顶级豪华酒店

THE PALM HOUSE

A Luxury Condominium Hotel and Spa on Palm Jumeirah

Delano Hotel Mars de Indias Cartagena/Greg Norman Golf-Delano Luxury Resort-commence summer 2014 Mexico



棕榈岛酒店-奢华会所-棕榈岛上最后一座价值的酒店

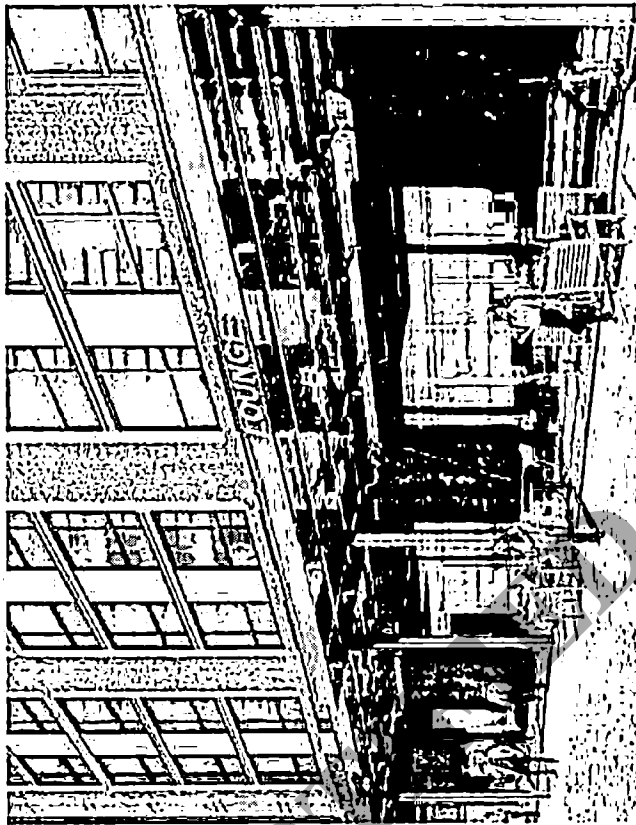


开发商旗下的现代豪华酒店

THE PALM HOUSE

A Luxury Condominium Hotel and Spa on Palm Beach

Marriott Courtyard Hotel (Chelsea, NY), the newest Courtyard in Manhattan
Just completed



棕榈滩公馆 豪华会所 棕榈滩岛上最后一座豪华酒店

建筑商 NHCS

专业从事高档酒店及住宅市场

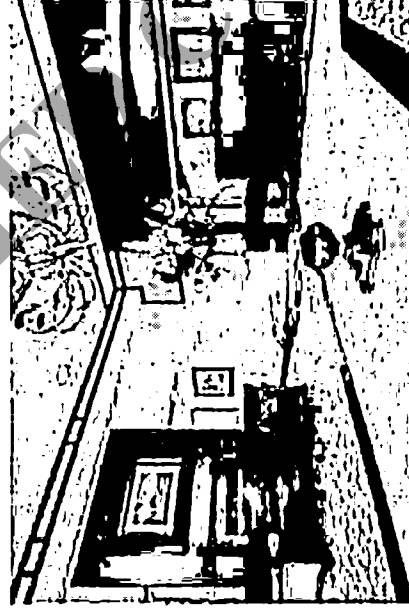


高端住宅项目

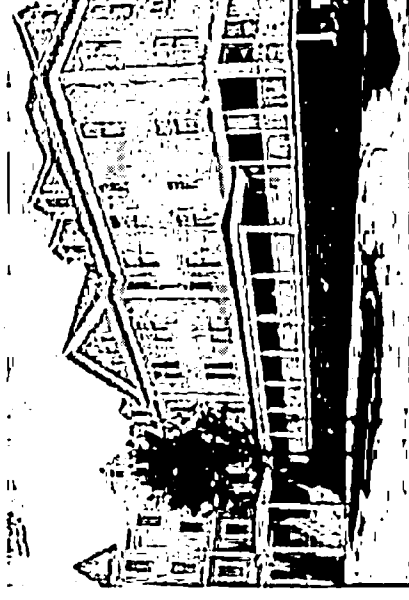
- Chapel Square Tower,
- Strouse Adler,
- The Metropolitan,
- Granby Mills,
- 55 Trumbell,
- Chapel Square Mall,
- 27 Jackson Street,
- 901 Main Street

商业零售项目

- Angles Restaurant at The Ritz Carlton
- Nick's New Haven Style Pizzeria and Bar
- Sky Salon and Spa
- Bottega Guillianna Bar & Club
- Ann Taylor
- Bal Harbour Shops
- Quizno's Subs
- Starbucks
- Cold Stone Creamery
- CVS



The Clarion, Hamden, Connecticut



Nantucket Inn/Point Breeze Inn



Ritz Carlton, Manalapan, Florida

微澜雅公馆—奢华会所 微澜雅岛上最后一座认证的酒店





HBA 全球最大的酒店设计事务所

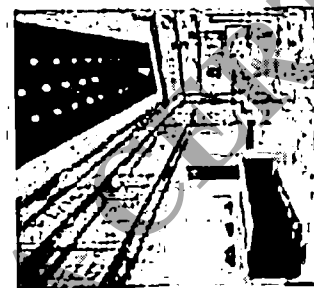
THE PALM HOUSE

A Luxury Condominium Hotel and Spa on Palm Beach

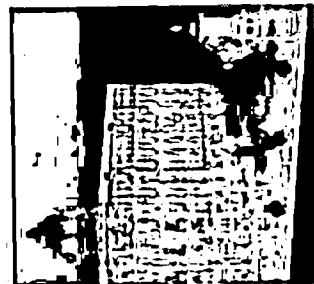


HBA

Inge Moore Named Designer of
the Year + Six Nods for HBA in
the 2013 Gold Key Awards



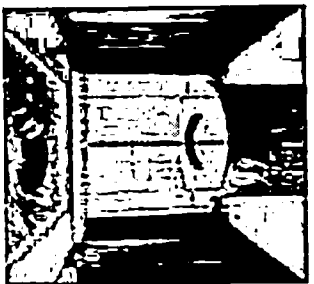
Grand Hyatt Shenyang



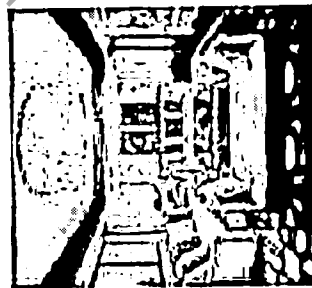
Luxury Collection Hotel Maria Cristina



The Alpina Gstaad, Switzerland



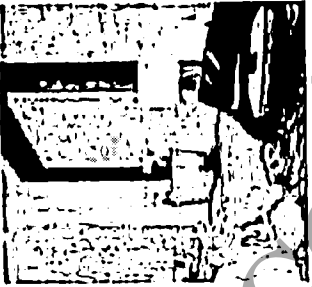
Extreme Wow Suite A W Singapore



InterContinental London Park Lane



Hotel Alfonso XIII, Seville



Four Seasons Hotel, Guangzhou



Hyatt Regency Chongqing

棕榈滩公馆由IngeMoore 2013年全球最佳酒店设计师设计

棕榈滩公馆-奢华会所 棕榈滩岛上最后一座别墅酒店



HBAY设计1200个以上五星级豪华酒店

THE PALM HOUSE

A Luxury Condominium Hotel and Spa on Palm Beach

NOT A CERTIFIED COPY

● 表示在该地区拥有3家或以上酒店

● 表示在该地区拥有1家酒店

棕榈滩公馆-奢华会所 棕榈滩岛上最后一座设计酒店



酒店总经理: Niklaus Levenberger

THE PALM HOUSE

A Luxury Condominium Hotel and Spa on Palm Beach

- 2011-2013 The Alpha Gstaad 董事总经理
- 2010-2011 Resort Development Company COO
- 2007-2009 The New York Palace 董事总经理
- 2004-2007 半岛酒店北美副主席
- 2003-2007 半岛酒店集团管理委员会执行委员
- 1999-2003 半岛酒店美国区域经理
- 1992-2007 纽约半岛酒店总经理
- 1988-1992 马尼拉半岛酒店总经理
- 1987-1988 香港九龙酒店总经理
- 1984-1987 广州花园酒店总经理
- 1982-1984 香港半岛酒店执行助理经理
- 1981-1982 北京建国饭店副总经理
- 1981 香港马可波罗酒店筹备经理
- 1980-1981 马尼拉半岛酒店餐饮经理



30年超豪华酒店高层

棕榈滩公馆-奢华会所 棕榈滩岛上最后一座公馆酒店



移民律師-Bernard Wolfson

THE PALM HOUSE
A Luxury Condominium Hotel and Spa on Palm Beach

连续4年全球排名第一移民律师

● 全球最大的移民律师事务所

● Bernard Wolfson 是美国移民律师协会前主席

● 20年EB5移民律师从业经验

● 连续4年评为全球最好的移民律师



Bernard Wolfson

WOLFSDORF
Immigration Law Group

WHO'S WHO LEGAL

Corporate Immigration
Lawyer of the Year

2013

Bernard P. Wolfson

WHO'S WHO LEGAL

Corporate Immigration
Lawyer of the Year

2012

Bernard P. Wolfson

WHO'S WHO LEGAL

Corporate Immigration
Lawyer of the Year

2011

Bernard P. Wolfson

WHO'S WHO LEGAL

Corporate Immigration
Lawyer of the Year

2010

Bernard P. Wolfson

棕榈滩公馆-豪华会所-棕榈滩岛上最后一座别墅酒店



投资结构

THE PALM HOUSE

A Luxury Condominium Hotel and Spa on Palm Beach

Source of Funds	Amount	Percentage
-----------------	--------	------------

EB-5(79位投资者)	\$39,500,000	43.4%
--------------	--------------	-------

私募贷款	\$29,500,000	32.4%
------	--------------	-------

项目方出资	\$22,000,000	24.2%
-------	--------------	-------

总投资额	\$91,000,000	100%
------	--------------	------

棕榈滩度假酒店-奢华会所 棕榈滩岛上最后一座批准的酒店



THE PALM HOUSE

A Luxury Condominium Hotel and Spa on Palm Beach

General Partner

→ 项目方，即南大西洋区域中心(SARC)

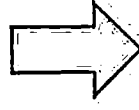
The RC oversees and advises the Project, the EB-5 process, and the associated entities.

Palm House Hotel, LLC

General Partner:
SARC

The Partnership loans money to
the Company for its operating
purposes.

→ SARC与79位EB5投资者组成有限合伙人
(Palm House Hotel, LLLP)



Lend money to

Palm House Hotel

(The "Company")
Owner and Developer of the Project

Uses \$39.5M in EB-5 funds and other
funding to develop the Project

→ 将以上79位EB5投资者募集的资金借
给棕榈滩公馆项目的持有者 (Palm
House, LLC)

Palm House Hotel

A 79-room ultra-luxury hotel and resort located on Palm Beach Island, Florida.

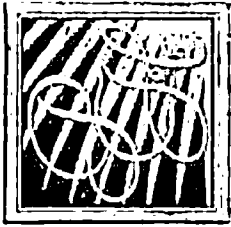
棕榈滩公馆—奢华会所 棕榈滩岛上最后一座别墅酒店



监管银行：PNC BANK
THE PALM HOUSE
A Luxury Condominium Hotel and Spa on Palm Beach

投资明细	
本金	50万美金
发行费	4万美金
律师费	1.5万美金
投资收益	每年0.25%借款利息
投资周期	5年（***如果还款延至第6年，投资者可得额外8%利息赔偿；如果还款延至第7年，可得额外13%利息赔偿；最迟第七年还款给投资者-《PPM》）

棕榈滩公馆—奢华会所 棕榈滩岛上最后一座设计酒店



監管銀行：PNC BANK

THE PALM HOUSE

A Luxury Condominium Hotel and Spa on Palm Beach

	投資金額	管理費	律師費
I526被拒	全退	全退	全退

棕榈滩公馆-奢华会所 棕榈滩岛上最后一座豪华酒店

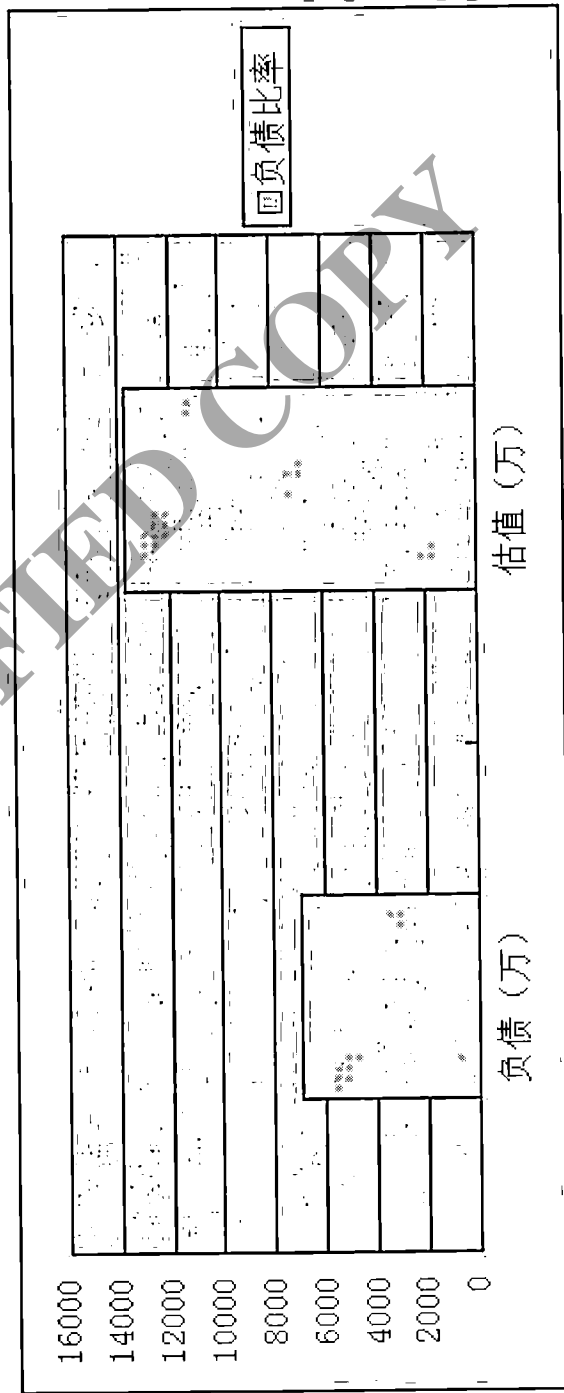


退出机制

THE PALM HOUSE
A Luxury Condominium Hotel and Spa on Palm Beach

退出机制（还款保证）

- 1) 再融资 - 48%的负债比率，再融资非常便利
- 2) 经营的盈利现金流 - 预估每年720万的利润
- 3) 出售酒店 - 79个酒店房间可单独出售





● 由EB5就业报告权威Michael Evans编写

● 施工已于2012年9月开始，主体工程已经结束

● 棕榈滩公馆的创造就业机会是953.7个，美国移民局要求创造的790个就业机会多出20%。

RIMS II 模型新增就业机会数据	
建筑	688.2
酒店--运营	265.5
总计	953.7



投资者额外获得会所会籍50%折扣

THE PALM HOUSE
A Luxury Condominium Hotel and Spa on Palm Beach

会籍会员的福利包括：

- Hawker Jet 850 X P 私人飞机
- 100' Yacht 游艇
- Rolls Royce Ghost 劳斯莱斯接送
- 24小时管家服务，代客泊车
- 传统欧洲spa, 健身中心和游泳池
- 收藏世界名酒的温控红酒窖
- 雪茄巴和保温箱
- 小时商务及会议中心

投资奖励计划：

投资期内每个投资者会免费获得：

每年1周免费住宿

以及提前预定的各项优惠



棕榈滩公馆—奢华会所 棕榈滩岛上最后一座五星级酒店

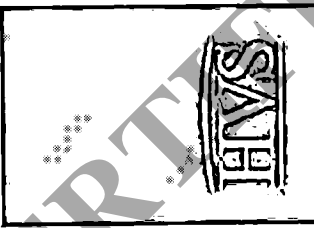


THE PALM HOUSE

A Luxury Condominium Hotel and Spa on Palm Beach



Callaway & Price, Inc.
Real Estate Appraisers And Consultants
Licensed Real Estate Brokers



79个单位的平均价值
\$1,734,177

整个项目第五年估值

\$137,500,000
为EB5借款3.48倍

Mr. Peter L. ...
June 10, 2009
Page Two

It should be noted that hospitality operation is a very management intensive venture; the reported values are conditioned upon competent, professional management by those experienced in high-end, ultra-luxury hotel operations in a resort market. Absent such management, the value conclusions herein may well change.

Palm House Summary of Values as of February 2, 2008 A Prospective Future Value as of August 30, 2009

As Stated Conventional Hotel August-09	\$137,500,000
Costs to Complete February-08	\$1,734,177
Conventional Hotel Less Costs to Complete August-09	\$102,600,000
Discount 18 Mos. For Construction / Start-up @ 9% Factor	\$92,224,920
As to Value - Conventional Hotel	\$90,000,000
Discounted Subst of Condo Units (best estimate) August-09	\$25,300,000
Developer Profit from Sale of Condo Units (80%)	\$5,010,000
As Stated Condo Hotel after Subst August-09	\$118,000,000
Includes new elevators & elevators Furnishings, Fixtures & Equipment August-09	\$4,000,000
Discounted Subst of Club Memberships August-09	\$66,500,000

就业机会-绿卡保证

THE PALM HOUSE

A Luxury Condominium Hotel and Spa on Palm Beach

评估报告①-By Callaway & Price, Inc



Callaway & Price, Inc.

Real Estate Appraisers And Consultants
Licensed Real Estate Brokers



Income Approach - Conventional Hotel

Consolidated Revenues

Room Revenue

Base room revenue is a function of multiplying the room nights by the occupancy rate and by the average daily rate (ADR). Occupancy is the number of those rooms sold over a given period, expressed as a percentage (#rooms sold ÷ #rooms available). The average daily rate (ADR) is a reflection of the total guest room revenue for a given period of time divided by the total number of occupied rooms for that same time period. The room nights or rooms available are simply the total number of rooms available multiplied by 365 (nights in the year). Therefore, the total number of room nights available for the Subject Property is to **28,835** (79 rooms x 365).

Occupancy & ADR

In establishing estimated stabilized occupancy and ADR for our analysis we have given consideration to the competitive market set, the foregoing market analysis and discussions with industry professionals. The owner's pro forma rate structure is certainly well supported by the Palm Beach market and given the level of finish and amenities proposed may be conservative. We have utilized an **ADR of \$650** for Year 1 of our analysis.

The owner projects occupancy between 68% and 75% for Year 1 operations; while in our opinion a stabilized occupancy of 75% is reasonable given the small size of the property and the level of quality, we have stepped occupancy in our analysis to achieve that stability. We have utilized a **63%** Year 1 occupancy increasing by Year 4 to stabilized 75% annual occupancy.

评估报告②-By HVS

According to HVS, "As a rule of thumb, in a typical commercial market, where demand is high Monday through Thursday and drops considerably on weekends, a strong stabilized level of occupancy would be 70 percent. Under such circumstances, an areawide occupancy rate of 78 percent would probably produce a significant amount of unaccommodated demand. If, on the other hand, most of the lodging facilities in the area were operating with an occupancy level of around 60 percent, the unaccommodated demand would probably be negligible." Source: page 8-14 of the HVS Hotel Investments Handbook, written by Steven Rushmore, founder of HVS.

A final factor to be considered is that space is extremely limited on Palm Beach Island, and it is very unlikely that any more hotels will be built in the city. As a result, occupancy rates are likely to be relatively high in the coming years, with little or no chance of other hotels being opened right in the city.

We thus consider the following factors in counting the operating jobs from the hotel and ancillary services.

1. The developer will operate the hotel. It will not be leased to a "flagship" name.
2. The occupancy rate for 5-star Palm Beach hotels is near 100% in the peak months.
3. No more hotel rooms will be built in the city of Palm Beach in the foreseeable future.

Hence we are fully justified in counting the operating jobs even if the stated rate of occupancy is only 61% in 2015.

Current rates for these four hotels start at an average of \$200 per night but that figure is somewhat misleading for two reasons: only a relatively few rooms in each hotel are available at the lowest rate, and rooms during high season (January-March) are generally available only at much higher prices. For example, a search of the website for the Breakers and the Four Seasons Hotel in Palm Beach on November 21, 2012, for a wide variety of dates during the first quarter of 2013 revealed either that no rooms were available at all, or that the minimum quoted rates were all above \$1,000. For this reason, the first year price of \$522.50 per night for the Palm House Hotel is quite conservative; it also takes into account the fact that rates are usually about \$100 per night lower during the summer months.

棕榈滩公馆-奢华会所 棕榈滩岛上最后一座豪华酒店

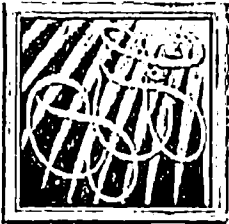


The next question is the issue of the occupancy rate, which the developer has assumed to be 61%. This is a very conservative figure, as the occupancy rate for Palm Beach hotels, according to Smith Travel Research and the Palm Beach County Tourism Department (see below) is usually 70% on an annual basis. This figure is well below the 78% figure that is generally considered to indicate a shortage of hotel rooms. However, the seasonal swings for Palm Beach County are much wider than most locations, as shown next in Table 9-2 (note: no separate figures are available for 5-star hotels in Palm Beach). While the average annual rate is 70%, the rate rises above 86% in February and March; and as already noted, as of November, 2012, the 5-star hotels in Palm Beach are almost completely sold out for February and March 2013.

Table 9-2. Hotel Occupancy Rates by Month, Palm Beach County, 5-Year Average

October	65.8
November	72.9
December	67.5
January	76.9
February	86.2
March	86.6
April	75.1
May	67.4
June	66.9
July	62.7
August	59.1
September	54.3

Source: Report on Palm Beach County Tourism



施工许可与产双文

THE PALM HOUSE

A Luxury Condominium Hotel and Spa on Palm Beach

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1. **GENERAL INFORMATION**

2. **PROJECT DESCRIPTION**

3. **CONTRACT INFORMATION**

4. **PERMIT INFORMATION**

5. **COMMENTS**

6. **NOTES**

7. **ATTACHMENTS**

8. **REMARKS**

9. **APPROVALS**

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11. **BY**

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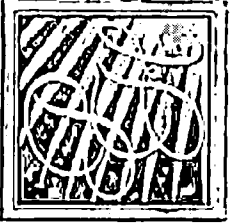
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海南建设公建-奢华会所 海南建设岛上最后一座以海的酒店



GMAX 合同与完工保险-2014年底竣工 THE PALM HOUSE

A Luxury Condominium Hotel and Spa on Palm Beach



ATA Document A101™ - 2007

Standard Form of Agreement Between Owner and Contractor where the basis of payment is a Stipulated Sum

AGREEMENT made as of the 2 day of January in the year 2013
(In words, indicate day, month and year.)

BETWEEN the Owner:
(Name, legal status, address and other information)

Palm House 160 Royal Palm LLC
160 Royal Palm Way
Palm Beach, FL 33480

and the Contractor:

(Name, legal status, address and other information)
Nicholas Landero New Haven Contracting South, Inc
638 Shore Drive
Boynton Beach, FL 33435

for the following Project:

(Name, location and detailed description)

The Palm House Hotel
160 Royal Palm Way
Palm Beach, 33480
Complete Renovation of 160 Royal Palm Way a 79 Room Hotel, Spa, Restaurants and Club in Palm Beach.

The Architect:

(Name, legal status, address and other information)

Rafael Rodriguez RAK Architect Inc.
44 Coconut Row, Unit T-6
Palm Beach, FL 33480

The Owner and Contractor agree as follows.

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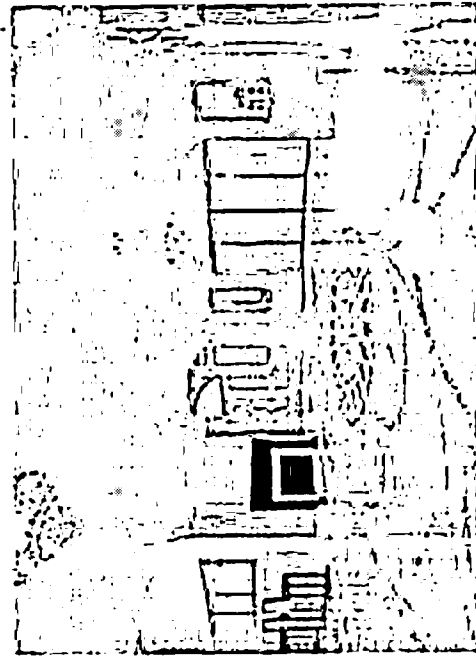
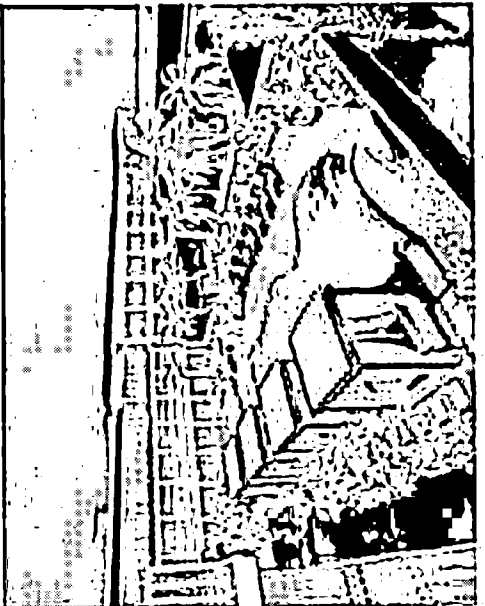
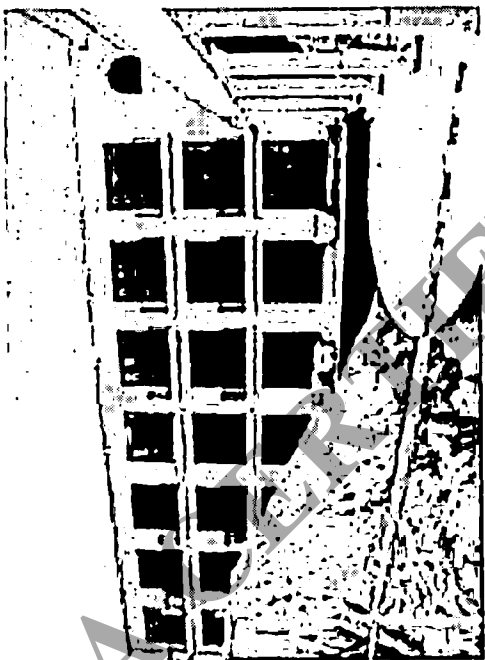
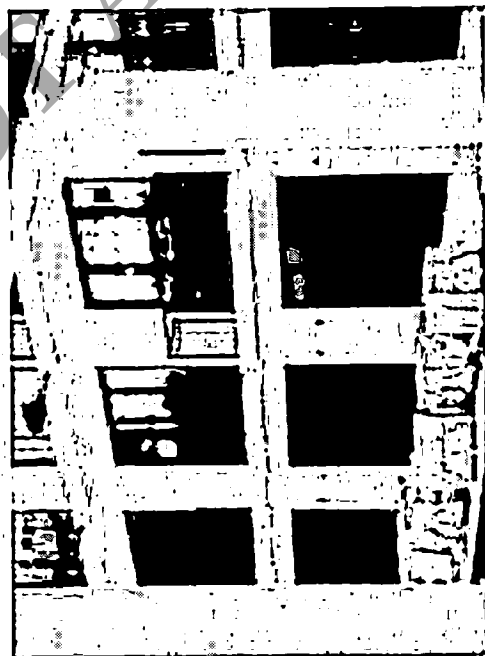
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STOCKHOLM FILM

A Luxury Condominium Hotel and Spa on Palm Beach

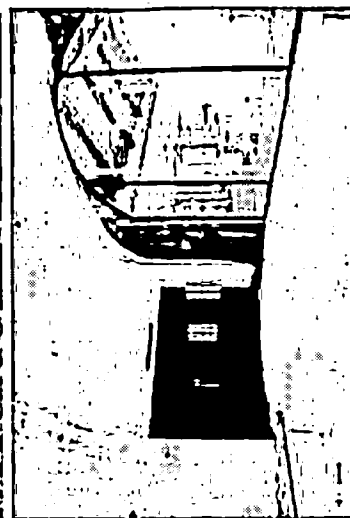
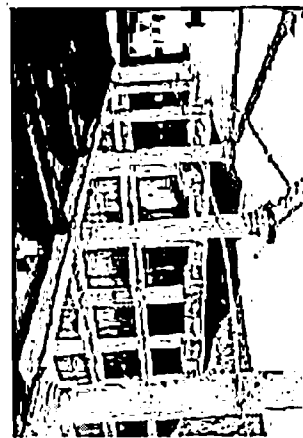


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THE PALM HOUSE

A Luxury Condominium, Food and Spa on Palm Beach

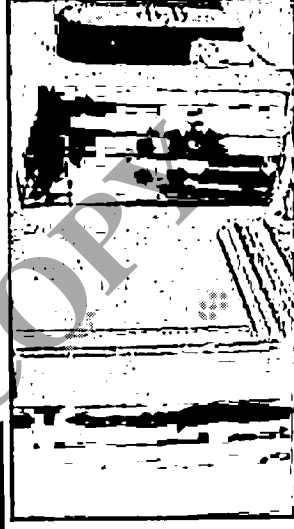
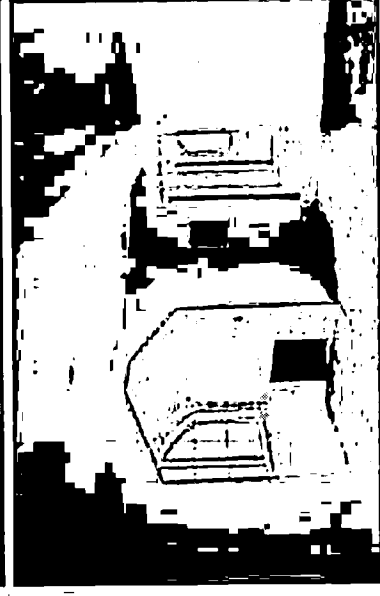
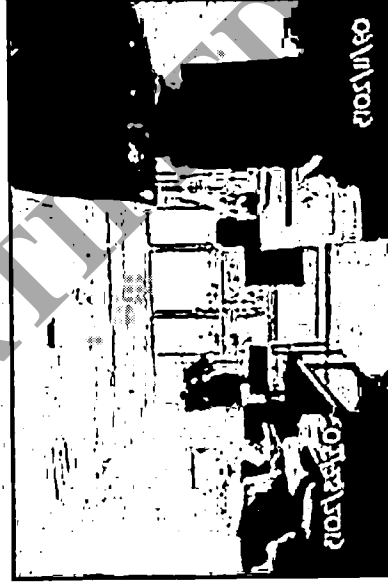
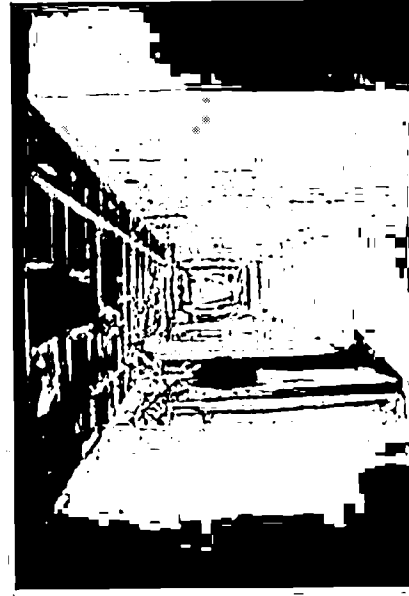
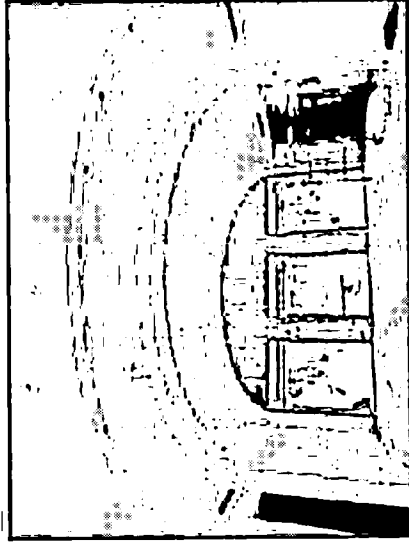
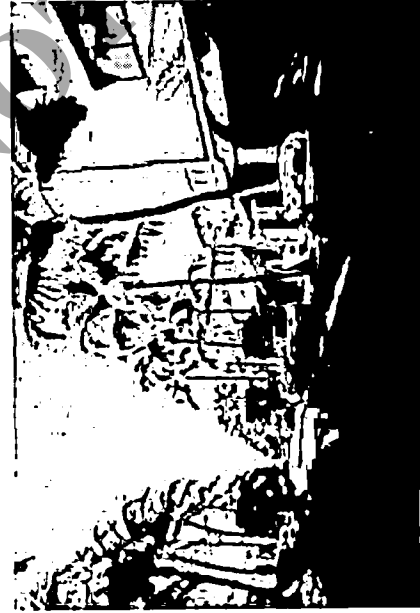


棕榈滩公馆——奢华会所 棕榈滩岛上最后一座设计的酒店



THE PALM HOUSE

A luxury Condominium Hotel and Spa on Palm Beach



棕榈滩公馆—奢华会所 棕榈滩岛上最后一座价值的酒店

EXHIBIT “21”

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10-K 1 alliancebioenergy_10k.htm ANNUAL REPORT

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 10-K

Annual Report Pursuant to Section 13 or 15(D) of the Securities Exchange Act of 1934
for the fiscal year ended December 31, 2015

Transition Report Under Section 13 or 15(D) of the Securities Exchange Act of 1934
for the transition period from _____ to _____

Commission File Number: 333-181633

ALLIANCE BIOENERGY PLUS, INC.

(Exact name of small Business Issuer as specified in its charter)

Nevada **45-4944960**
(State or other jurisdiction of incorporation or organization) (IRS Employer Identification No.)

400 N. Congress Avenue, Suite 130
West Palm Beach, FL **33401**
(Address of principal executive offices) (Zip Code)

Issuer's telephone number, including area code: (888) 607-3555

n/a

Former address if changed since last report

Securities registered under Section 12(b) of the Exchange Act: None

Securities registered under Section 12(g) of the Exchange Act:

Common Stock, par value \$0.001 per share

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes [] No [X].

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes [] No [X]

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes [X] No []

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Check if there is no disclosure of delinquent filers in response to Item 405 of Regulation S-K contained in this form, and no disclosure will be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. []

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer ☐ Accelerated Filer ☐ Non-Accelerated Filer ☐ (Do not check if a smaller reporting company) Smaller Reporting Company ☒

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). [] Yes [X] No

State the aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold, or the average bid and asked price of such common equity, as of the last business day of the registrant's most recently completed second fiscal quarter (June 30, 2015): \$23,025,075

State the number of shares outstanding of the registrant's \$.001 par value common stock as of the close of business on the latest practicable date (April 13, 2016): 51,708,310

Documents incorporated by reference: None.

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SIGNATURES

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This Annual Report on Form 10-K (the "Report"), including "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Item 7 contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 regarding future events and the future results of Alliance BioEnergy Plus, Inc. and its consolidated subsidiaries (the "Company") that are based on management's current expectations, estimates, projections and assumptions about the Company's business. Words such as "expects," "anticipates," "intends," "plans," "believes," "sees," "estimates" and variations of such words and similar expressions are intended to identify such forward-looking statements. These statements are not guarantees of future performance and involve risks, uncertainties and assumptions that are difficult to predict. Therefore, actual outcomes and results may differ materially from what is expressed or forecasted in such forward-looking statements due to numerous factors, including, but not limited to, those discussed in the "Risk Factors" section in Item 1A, "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Item 7 and elsewhere in this Report as well as those discussed from time to time in the Company's other Securities and Exchange Commission filings and reports. In addition, such statements could be affected by general industry and market conditions. Such forward-looking statements speak only as of the date of this Report or, in the case of any document incorporated by reference, the date of that document, and we do not undertake any obligation to update any forward-looking statement to reflect events or circumstances after the date of this Report. If we update or correct one or more forward-looking statements, investors and others should not conclude that we will make additional updates or corrections with respect to other forward-looking statements.

PART I**ITEM 1. BUSINESS****Background****Business Overview**

Alliance Bioenergy Plus, Inc (the "Company") is a technology company focused on emerging technologies in the renewable energy, biofuels and new technologies sectors. From inception through December 5, 2014, the Company was known as Alliance Media Group Holdings, Inc. At inception (March 28, 2012), the Company was organized as a vehicle to engage in the commercial production, distribution and exploitation of Motion Pictures and other Entertainment products. However, in December 2013, a wholly owned subsidiary of the Company, AMG Renewables, LLC ("AMG Renewables"), acquired the controlling interest (51%) in AMG Energy Group, LLC ("AMG Energy"), which owns a fifty percent (50%) interest of Carbolosic, LLC ("Carbolosic"), which holds an exclusive worldwide license to the University of Central Florida's patented technology (U.S. Patent 8,062,428) known as "CTS™". The CTS technology is a mechanical/chemical, dry process for converting cellulose material into sugar for use in the biofuels industry as well as other fine chemical manufacturing. The Company's goal in acquiring the interest in AMG Energy is to develop the CTS technology to a commercial scale and then seek to license the technology to prospective licensees. In September 2014, the Company determined to focus all of the Company's resources and personnel on the Company's renewable energy holdings and future energy technologies and to divest the Company of its entertainment-related assets and subsidiaries. The principal reason for such action was the recognition that the Company's entertainment-related assets were generating substantial losses and contributing little value compared to the potential management saw in the energy-related activities and to provide a clear focus and direction to the Company moving forward. The Company therefore determined at that time to divest and sell off, close down or discontinue the operations of its entertainment-related subsidiaries. Subsequently, the Company determined that the name Alliance Media Group Holdings, Inc. was no longer relevant to the new business direction of the Company and, effective December 5, 2014, amended the Company's Articles of Incorporation to change the name of the Company to Alliance Bioenergy Plus, Inc., which is more appropriately descriptive of the new business direction of the Company.

The Company is focused on one industry – Renewable Energy. Through its wholly-owned subsidiaries, AMG Renewables, LLC and Carbolosic Plant 1, LLC, which in turn owns controlling interests in AMG Energy Group, LLC, and Ek Laboratories, Inc., the Company has a strategy that includes growth in its energy-related activities as well as mergers and acquisitions and start-up activities which are focused on development of an increasing revenue stream, secure market share and enhancement of shareholder value.

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AMG RENEWABLES, LLC

AMG Renewables, LLC, a Florida limited liability company ("AMG Renewables"), is a wholly-owned subsidiary of the Company, created for the purpose of managing and developing the Company's renewable energy technology enterprises. AMG Renewables has one wholly-owned subsidiary, Carbolosic Plant 1, LLC, a Florida limited liability company ("Carbolosic Plant 1"), and two majority owned subsidiaries, AMG Energy Group, LLC, a Florida limited liability company ("AMG Energy") and Ek Laboratories, Inc, a Florida corporation ("EK") formerly known as Central Florida Institute of Science and Technology, Inc.

- On December 26, 2013, AMG Renewables acquired the controlling interest (51%) in AMG Energy Group from certain related parties for a consideration comprising \$2,200,000 cash and delivery of 7,266,000 shares of Company Common Stock. In connection with the transaction, an amount which the Company owed to AMG Energy (\$214,894) for various loans and consulting fees was eliminated in the acquisition. On December 26, 2013, 7,000,000 shares of Company common stock were delivered to AMG Energy Solutions, Inc. (a related party) and the remaining 266,000 shares of Company common stock were delivered on June 18, 2014 to Wellington Asset Holdings, Inc. As of December 31, 2015, the Company has paid \$168,742 of the \$2,200,000 cash payable on account of this transaction, and as of such date, the Company has not paid the remaining amount, which amount has been recorded on the books of the Company as a related party payable relating to an acquisition.
- AMG Energy owns a fifty percent (50%) interest of Carbolosic, LLC, a Delaware limited liability company ("Carbolosic"), which holds an exclusive worldwide license to the University of Central Florida's patented technology (U.S. Patent 8,062,428) known as "CTS™". The CTS technology is a mechanical/chemical, dry process for converting cellulose material into sugar for use in the biofuels industry as well as other fine chemical manufacturing. The Company's goal is to develop this CTS technology to a commercial scale and then seek to license the technology to prospective licensees.

On May 13, 2015, AMG Energy entered into a series of agreements with various unrelated third parties, wherein AMG Energy sublicensed the CTS technology to Naldogen (Pty) Ltd., an existing South African company, which will be renamed Carbolosic Energy SA PTY LTD ("Carbolosic SA"). Carbolosic SA shall be solely devoted to exploitation of the CTS technology in South Africa, Lesotho, Swaziland and Botswana and the term of the sublicense is coterminous with the master license (i.e. through July 1, 2032). The consideration for the grant of the sublicense is \$25,000,000 ("License Fee"), which must be paid or guaranteed by March 1, 2016. In addition to the license fee, the sublicense holder will pay AMG Energy a royalty of 3.5% of the revenues on the first CTS plant developed and a 5.0% royalty on the revenues of additional plants developed. Until the \$25,000,000 payment has been received, the Company does not consider all of the events required under the agreement to have been completed. Therefore the Company has not recorded any of the license fee in the accompanying financial statements.

Contemporaneously, Carbolosic SA's shareholders entered into an agreement whereby, among other matters, it was agreed that ownership of Carbolosic SA shall be 43.5% for Tes Projects (Pty) Ltd, a South African company ("Tes"), 24.5 % for Spearhead Capital Ltd, a Seychelles company ("Spearhead"), 7.5% for Jupiter Trust, a South African Trust ("Jupiter") and 24.5% for Alliance BioEnergy Plus, Inc. TES, Spearhead and Jupiter are all unrelated to the Company. The interests of Tes and Jupiter are delivered in consideration of the funding or guarantee of funding of the License Fee; Spearhead's interest is in consideration of facilitating the Sublicense transaction; and the Company's interest is in exchange for the delivery to Carbolosic SA of a 24.5% interest in one of the Company's CTS sugar extracting plants to be developed in the United States.

In February 2016, due to economic and political turmoil in South Africa, members of Tes Projects (Pty) Ltd and Jupiter Trust resigned from management and from the Board of Carbolosic SA and returned all ownership interest in Carbolosic SA to the Carbolosic SA treasury. Spearhead Capital intends to continue operations of Carbolosic SA but at this time there is no guarantee that they will be successful in securing the needed funds or contracts to do so. The Company will evaluate its position in Africa in the coming months and decide on a path forward.

- Carbolosic Plant 1 was created in October 2014 for the purpose of being a full scale facility for converting cellulose material into sugar for use in the biofuels industry as well as other fine chemical manufacturing located in Palm Beach County, FL. In March 2016, Carbolosic Plant 1 was sold to Carbolosic Energy 1, LLLP, a non-related third party, in exchange for satisfaction of the outstanding \$1,250,000 loan. In addition, Company subsidiary AMG Energy Group issued a Sub-License to Carbolosic Plant 1 for the use of the patented CTS technology in one (1) plant to be located in the U.S., under the terms and conditions of the master license agreement between Company affiliate Carbolosic, LLC and the University of Central Florida. The sublicense has a royalty payment of three percent (3%) of gross sales and twenty percent (20%) of the net profits of Carbolosic Plant 1 payable to AMG Energy Group and is awaiting final approval from the University of Central Florida as is required under the master license agreement.

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- EK, was created in December 2014 under the name Central Florida Institute of Science and Technology, Inc. and changed its name to Ek Laboratories, Inc. on June 05, 2015. EK was formed as a wholly owned subsidiary of AMG Energy, to serve as a demonstration and research facility to further develop the CTS process, its uses, and develop new technologies.

The Company believes that its management and consultants have significant experience in the bio-fuels, renewable energy and chemical manufacturing industries. As of this date, the Company has not generated any revenues from its renewable energy business.

Description of the Company's Securities

The Company is currently authorized to issue 100,000,000 Shares of Common Stock par value \$0.001 and 10,000,000 shares of Preferred Stock par value \$0.001. Each share of Company Common Stock is entitled to one (1) vote per share.

Employees

The company currently employs six full-time employees and two consultants.

ITEM 1A. RISK FACTORS

Not required as the Company is a "smaller reporting company."

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES**Offices**

The Company maintains its corporate office at 400 N Congress Avenue, Suite 130, West Palm Beach Florida 33401. The Company's telephone number is 888-607-3555. In August 2015, the Company renewed its lease for a period of thirty-six (36) months from August 5, 2015 through July 31, 2018. Annual rent commenced at approximately \$48,925 per annum and increases on a year-to-year basis by three percent (3%) over the Base Year. In addition, the Company is obligated to pay an amount equal to 3.76% of the operating expenses of the building together with sales tax on all amounts.

In connection with the renewed lease agreement for the corporate office location, the Company agreed to cancel its lease for additional office space at the same location. This lease period was for fifty-four (54) months from May 1, 2014 through October 31, 2018. The rent commencement date was November 1, 2014 and annual rent commenced at approximately \$51,338 per annum and increased on a year-to-year basis by three percent (3%) over the Base Year.

EK Laboratories leases office and warehouse space in Longwood, FL, which serves as the Company's research and demonstration facility. The lease period is for thirty-six (36) months from February 1, 2015 through January 31, 2018. Annual rent commences at approximately \$70,620 per annum and increases on a year-to-year basis by five percent (5%) over the prior year.

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The Company is subject, from time to time, to litigation, claims and suits arising in the ordinary course of business. As of the date of filing, the only material litigation, claims or suits whose outcomes could have a material effect on the Company's financial statements are as follows:

Creative Licensing Litigation

During 2013, the Company's wholly-owned subsidiary, AMG Television, LLC ("AMG Television"), had entered into agreements (collectively, the "Creative Licensing Agreement") to acquire (i) the partially completed American Idol style reality series World Star (formerly Recreating A Legend) for a \$600,000 cash payment plus 1,600,000 shares of Company Common Stock and (ii) the completed documentary Making of a Saint: The Journey to Sainthood for a \$100,000 cash payment plus 267,000 shares of Company Common Stock. Subsequently, on April 25, 2014, the Company and AMG Television notified the sellers that it was rescinding both transactions due to a breach of the Creative Licensing Agreement in that the sellers misled AMG Television regarding the status and ownership of the rights and failed to provide agreed documentation required in order to permit exploitation of the projects. In the legal action filed in the Circuit Court of the 15th Judicial Circuit in Palm Beach County Florida (Alliance Media Group Holdings, Inc. and AMG Television, LLC v. Creative Licensing International, LLC, et. al. case no. 502014CA005033XXXXMBAF), the Company and AMG Television allege that Creative Licensing International, LLC and 28 individual defendants (including Roy A. Sciacca and Lisa Colletti) breached the Creative Licensing Agreement and fraudulently induced AMG Television to enter into the Creative Licensing Agreement. The Company and AMG Television amended their complaint in the matter on May 14, 2014. The Company and AMG Television are seeking the rescission of the Creative Licensing Agreement, return of the Company stock issued and cash delivered in connection therewith and other and further damages suffered by the Company in an amount to be determined at the time of trial. As of December 31, 2014, The Company and AMG Television had reached settlements (the "Settlement") with seven of the twenty-eight named defendants and the Company had canceled a net of 116,872 shares of common stock which have been tendered to the Company. In February 2015, the Company reached a settlement of the case with respect to the principal defendants, Roy A. Sciacca and Lisa Colletti whereby Sciacca and Colletti agreed to return an aggregate of 960,215 shares of previously issued stock to the Company and the Company agreed to issue 500,000 new shares of stock to them. In connection with the Settlement with Sciacca and Colletti, the Company has recovered a net of 497,555 shares issued in connection with the Creative Licensing transaction. In the aggregate, the Company has now recovered 614,424 of the 1.867 million shares issued in connection with the transaction. In addition, in connection with the Settlement, the Company recovered an additional 500,000 of the 800,000 shares of Company stock which had been previously issued in connection with payment for purported management services to be provided by certain of the defendants. The Company continues to believe that its position in the litigation is well-taken and supported by the facts and will continue to proceed with respect to the remaining defendants. The litigation is in its early stages and the Company cannot project whether it will achieve a successful result in connection with the remainder of the action or any other related actions. Discovery has yet to be commenced and no trial date has been set. If the matter is taken to conclusion, the Company could incur additional legal expenses in an amount which cannot be determined or estimated at this time.

Other than the aforementioned matter, there are no other legal proceedings which are pending or have been threatened against the Company or any of its officers, directors or control persons of which management is aware.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

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The Company became subject to Securities Exchange Act Reporting Requirements in October 2012. The symbol "ALLM" is assigned for its securities. The Company's common stock commenced trading on the OTCBB on February 5, 2014.

The following table shows the high and low prices of the Company's common shares on the OTC Bulletin Board for each quarter since its common stock began to trade on the OTC Bulletin Board in February 2014. The following quotations reflect inter-dealer prices, without retail mark-up, mark-down or commission and may not necessarily represent actual transactions:

Period	High	Low
February 5, 2014 – March 31, 2014	\$2.75	\$0.75
April 1, 2014 – June 30, 2014	\$2.00	\$0.75
July 1, 2014 – September 30, 2014	\$1.67	\$0.69
October 1, 2014 – December 31, 2014	\$1.09	\$0.30
January 1, 2015 – March 31, 2015	\$0.65	\$0.22
April 1, 2015 – June 30, 2015	\$1.39	\$0.07
July 1, 2015 – September 30, 2015	\$0.68	\$0.30
October 1, 2015 – December 31, 2015	\$0.55	\$0.28
January 1, 2016 – March 31, 2016	\$0.42	\$0.15

Options and Warrants

On November 19, 2013, the Company entered into a common stock purchase warrant agreement with Constellation Asset Advisors, Inc. whereby it issued a warrant to purchase 2,000,000 shares of common stock for a period of five (5) years at an exercise price of \$1.00 per share. The warrant was issued in partial consideration for a consulting agreement. In August 2015, the Company notified Constellation Asset Advisors that it had violated the consulting agreement and had therefore canceled this warrant agreement.

On November 20, 2014, the Company entered into a common stock purchase warrant agreement with EraStar, Inc. whereby it issued a warrant to purchase 500,000 shares of common stock for a period of five (5) years at an exercise price of \$1.00 per share. The warrant was issued in partial consideration for a consulting agreement. In August 2015, the Company notified EraStar, Inc. that it had violated the consulting agreement and had therefore canceled this warrant agreement.

In February 2015, the Company began a second round of financing wherein each unit sold consists of one (1) share of common stock, one (1) series A Warrant for a period of three (3) years convertible to .5 Common Share at an exercise price of \$0.75 and one (1) series B Warrant for a period of three (3) years convertible to .5 Common Share at an exercise price of \$1.50. Through this offering the Company had sold 2,460,202 units.

In March 2015, the Company's Board of Directors approved a resolution to compensate the board's independent directors with cash or equity per quarter under the Company's 2012 Employee, Director Stock Plan. Through the date of filing, the company has issued to its independent directors, eight (8) options to purchase an aggregate of 425,690 shares of common stock for a period of three (3) years at an average exercise price of \$0.45. In addition, the Company has approved six (7) employee stock option awards to purchase an aggregate of 2,125,000 shares of common stock at an average exercise price of \$0.46 and terms ranging from three (3) to ten (10) years.

In November 2015, the Company began a third round of financing wherein each unit sold consists of one (1) share of common stock, one (1) series C Warrant for a period of three (3) years convertible to .5 common share at an exercise price of \$0.45 and one (1) series D Warrant for a period of three (3) years convertible to .5 common share at an exercise price of \$0.65. Through this offering the Company has sold 1,460,898 units.

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In January 2016, the Company began a fourth round of financing wherein each unit consist of one (1) share of common stock and one (1) series E warrant for a period of five (5) years convertible into one (1) share of common stock at an exercise price of \$0.45 per share. Through this offering the Company has sold 1,225,001 units.

In March 2015, the Company began a fifth round of financing wherein each unit consist of three million five hundred thousand (3,717,785) shares of common stock and four million five hundred thousand (4,500,000) series F warrants for a period of five (5) years at an exercise price of \$0.25 per share. Each warrant is convertible into one (1) share of common stock. Through this offering the Company has sold 2 units.

Through the date of filing, the Company has issued thirty (30) warrant agreements to purchase an aggregate of 4,550,000 shares of common stock. The exercise prices associated with these agreements range from \$0.40 to \$2.00 and terms range from three (3) to five (5) years.

Other than the foregoing agreements, none of the Company's shares of Common Stock are subject to outstanding options or warrants.

Notes Payable

Short-Term Notes Payable – Related Party

As of the date of filing, the Company has a short-term note payable to a related party of \$71,000 and accrued interest of \$9,036. The note bears interest at a rate of five percent (5%) per annum and is coming due within the next 12 months.

In November 2015, the Company issued a short-term, unsecured note payable to a shareholder of the company. The principal amount of the note was \$10,290, accrued interest at 5% per annum and had a term of one-year. On December 8, 2015, the note was paid in full along with \$32 in interest.

Short Term Notes Payable – Other

On July 7, 2015, the Company entered into a six month (6) promissory note with St. George Investments, LLC with a face amount of \$265,000 less an original issue discount of \$65,000. This note does not accrue interest, however if the note is paid back within the first ninety (90) days, then \$235,000 is due; if the note is paid back between day ninety-one (91) and one hundred thirty-five (135) then \$250,000 is due; between day one hundred thirty-six (136) and one hundred eighty (180) the full balance of \$265,000 is due. In the event of default, the note shall bear interest at the lesser of the rate of eighteen percent (18%) per annum or the maximum rate permitted by law compounding daily. In addition, a ten percent (10%) broker commission was paid to Wellington Shields & Co. LLC, which is being amortized over the life of the note. In January 2016, the company repaid this note in full. The total amount paid was \$306,890, which represented a \$265,000 principal balance and \$41,890 in default interest and penalties.

Long Term Notes Payable – Other

During the year ended December 31, 2014, Carbolosic Plant 1, LLC, a wholly owned subsidiary, entered into an agreement with Carbolosic Energy 1, LLLP to begin receiving long term loans, pursuant to the U.S. EB-5 Immigrant Investor Program, to develop a CTS demonstration facility. These loans are to be issued in multiple advances, each in an amount greater than or equal to \$500,000 up to the target loan amount of \$33,000,000. The initial term on each of these loans is five (5) years from the date of each advance and bear interest at a rate of 4.31% per annum. The Company can earn a 0.51% rate discount if the first five years of interest due to lender is paid within 15 days of each advance. In addition, these loans may not be prepaid and are secured by all assets of the Company. The Company received two (2) long term notes payable, with a combined principal balance of \$1,250,000 in the year ended December 31, 2014 and has not received any additional notes as of the date of this filing. The company has taken advantage of the 0.51% rate discount on one of these notes payable, with a principal amount of \$500,000, and issued a \$95,000 interest payment to the Lender on December 9, 2014. As of December 31, 2015 and December 31, 2014, the remaining prepaid interest relating to this advance was \$73,189 and \$92,189 respectively. In January 2015, the Company made a \$4,162 interest payment towards the second note. In March 2016, Carbolosic Plant 1 was sold to Carbolosic Energy 1, LLLP, a non-related third party, in exchange for satisfaction of the outstanding \$1,250,000 loan between Carbolosic Plant 1 and the Company.

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On January 23, 2015, the Company entered into a convertible debenture with KBM Worldwide, Inc. with a principal balance of \$89,000 due and payable on or before October 29, 2015. Thereafter, On February 26, 2015, the Company entered into a second convertible debenture with Vis Vires Group, Inc. with a principal balance of \$54,000 due and payable on or before December 3, 2015 and again on May 6, 2015 the company entered into another convertible debenture with Vis Vires Group, Inc. with a principal balance of \$64,000 due and payable on or before February 8, 2016. Each of the notes accrue interest at a rate of eight percent (8.0%) per annum and are convertible into the Company's common stock, after 180 days, in whole or in part at the option of the holder at a conversion rate equal to the average of the three (3) lowest trading day prices during the ten (10) trading days preceding the conversion date, less a thirty-nine percent (39%) discount. Each of the notes also carries a prepayment penalty, increasing every 30 days from one hundred ten percent (110%) to one hundred thirty-five percent (135%) of the then outstanding principal and interest balance due, if the notes are paid back within the first one hundred eighty (180) days. After the first 180 days, the then outstanding principal and interest balance shall bear interest at a rate of twenty-two percent (22.0%) per annum and cannot be paid until maturity. On July 27, 2015, the Company repaid its January 23, 2015 convertible debenture held by KBM Worldwide, Inc. The total amount paid was \$123,642, which represented an \$89,000 principal balance and \$34,642 in interest and penalties. On August 7, 2015 the Company repaid its February 26, 2015 convertible debenture held by Vires Group, Inc. The total amount paid was \$74,723, which represented a \$54,000 principal balance and \$20,723 in interest and penalties. On November 2, 2015 the Company repaid its May 6, 2015 convertible debenture held by Vis Vires Group, Inc. The total amount paid was \$88,757, which represented a \$64,000 principal balance and \$24,757 in interest and penalties.

On June 30, 2015, the Company entered into a convertible debenture with Iconic Holdings, LLC with a principal balance of \$165,000 due on or before June 30, 2016. This note provides for "guaranteed" interest of ten percent (10.0%) of the principal balance outstanding. In addition to the "guaranteed" interest, in the event of default additional interest will accrue at the rate equal to the lower of eighteen percent (18.0%) per annum or the highest rate permitted by law. This note can only be prepaid within the first 180 days along with a prepayment penalty of one hundred ten percent (110%) and increasing ten percent (10%) every sixty (60) days to a maximum of one hundred thirty percent (130%). After 180 days, the note can be converted into the Company's common stock at a conversion rate equal to sixty percent (60%) of the lowest trading price during the preceding 15 consecutive trading days prior to date of conversion. In addition, in order to obtain this note, the Company issued Iconic Holdings, LLC a five (5) year common stock purchase warrant agreement for up to 50,000 shares with an exercise price of \$0.75 per share. These warrants are fully granted and vested at time of issuance and are being amortized over the life of the agreement. In January 2016, Iconic Holdings, LLC converted \$95,000 of the principal balance into 891,042 shares of unrestricted common stock and the remaining balance of the note was repaid in full. The total amount paid was \$140,950, which represented a \$70,000 principal payment and \$70,950 in interest and penalties.

On July 10, 2015, the Company entered into a convertible debenture with JSJ Investments, Inc with a principal balance of \$150,000 due on or before January 10, 2016. The note accrues interest at a rate of twelve percent (12%) per annum and is convertible into the Company's common stock one hundred eighty (180) days after the maturity date, in whole or in part at the option of the holder at a conversion price equal to the lower of \$0.24 or the lowest trading day price during the twenty (20) trading days preceding the conversion date, less a forty-five percent (45%) discount. The note also carries a payment premium, wherein if the note is paid before the ninetieth (90) day, then a premium of one hundred thirty percent (130%) in addition to outstanding interest is due. If paid between day ninety-one (91) and one hundred twenty (120) the premium increases to one hundred forty percent (140%) and if paid between day one hundred twenty-one and the maturity date, then the premium increases to one hundred forty-five percent (145%). After the maturity date, the note cannot be repaid without the holder's consent and the payment premium increases to one hundred fifty percent (150%). Upon and event of default or after the maturity date, the interest rate shall adjust to eighteen percent (18%) per annum and compound quarterly. In addition, a ten percent (10%) broker commission was paid to Wellington Shields & Co. LLC, which is being amortized over the life of the note. In January 2016, JSJ Investments attempted to convert a portion of the debt in violation of a mutually agreed upon amendment to the note and mutually agreed upon standstill agreement between the Company and JSJ Investments. The shares in question were returned and cancelled after being notified by the Company's attorney. In March 2016, JSJ Investments made a second attempt to convert a portion of its debt in violation of the mutually agreed upon amendment to the note. Shares were not converted this time. A third attempt, made in late March 2016, converted \$25,000 for 195,924 shares of unrestricted common stock. The conversion violated the terms of the debt agreement and the Company and its counsel have notified JSJ of the violation of the agreement and fully intend to recoup all of the issued shares. The note is currently in default and cannot be converted into the Company's common stock until 180 days from the Maturity Date of January 10, 2016. The Company intends to pay this note in full prior to July 2016.

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On July 10, 2015 the Company entered into a secured convertible debenture with Group 10 Holdings, LLC with a principal balance of \$275,000, less a ten percent (10%) original issue discount and is due on or before July 10, 2016. Group 10 Holdings, LLC was granted a security interest in the South African agreement sub-licensed by AMG Energy Group. This note accrues interest at a rate of twelve percent (12%) per annum and is convertible into the Company common stock one hundred eighty (180) days after the issuance date in whole or in part at the option of the holder at a conversion price equal to forty-two cents (\$0.42); provided, however, that if the closing price is less than forty cents (\$0.40) for any three (3) consecutive trading days, then the conversion price shall adjust to the lowest trading day price during the thirty-five (35) trading days prior, less a forty-five percent (45%) discount. Repayment of the note includes a prepayment penalty if the note is paid back within the first one hundred eighty (180) days and cannot be repaid after day one hundred eighty (180) without the holders consent. The prepayment penalty if paid back within the first ninety (90) days is equal to one hundred five percent (105%) of the principal balance; paid between day ninety-one (91) and day one hundred twenty (120) the prepayment penalty is equal to one hundred fifteen percent (115%) of the principal balance; paid between day one hundred twenty-one (121) and day one hundred seventy-nine (179) the prepayment penalty increases to one hundred twenty-five percent (125%) of the principal balance. In addition, a ten percent (10%) broker commission was paid to Wellington Shields & Co. LLC, which is being amortized over the life of the note. In January 2016, Group 10 Holdings, LLC converted \$20,000 of its principal balance into 157,418 shares of unrestricted common stock and the Company paid the remaining debenture in full with a payment of \$340,468, which represented a \$255,000 principal payments and \$85,068 in interest and penalties.

On July 27, 2015, the Company entered into a convertible debenture with Adar Bays, LLC with a principal balance of \$100,000 due on or before March 27, 2016. The note accrues interest at a rate of eight percent (8%) per annum and is convertible into the Company's common stock commencing on the 6 month anniversary of the note, in whole or in part at the option of the holder at a conversion price equal to sixty percent (60%) of the lowest trading day price during the twenty (20) trading days preceding the conversion date. The note also carries a payment premium, wherein if the note is paid before the ninetieth (90) day, then a premium of one hundred thirty-five percent (135%) in addition to outstanding interest is due. If paid between day ninety-one (91) and one hundred fifty-one (151) the premium increases to one hundred forty percent (140%) and if paid between day one hundred fifty-two (152) and the maturity date, then the premium increases to one hundred forty-five percent (145%). After the maturity date, the note cannot be repaid without the holder's consent and the payment premium increases to one hundred fifty percent (150%). Upon and event of default or after the maturity date, the outstanding principal due shall increase by ten percent (10%) and the interest rate shall adjust to twenty-four percent (24%) per annum. In addition, a ten percent (10%) broker commission was paid to Wellington Shields & Co. LLC, which is being amortized over the life of the note. In January 2016, the Company paid the debenture in full with a payment of \$149,022, which represented a \$100,000 principal payment and \$49,022 in interest and penalties.

On July 27, 2015, the Company entered into a convertible debenture with Union Capital, LLC with a principal balance of \$100,000 due on or before March 27, 2016. The note accrues interest at a rate of eight percent (8%) per annum and is convertible into the Company's common stock commencing on the 6 month anniversary of the note, in whole or in part at the option of the holder at a conversion price equal to sixty percent (60%) of the lowest trading day price during the twenty (20) trading days preceding the conversion date. The note also carries a payment premium, wherein if the note is paid before the ninetieth (90) day, then a premium of one hundred thirty-five percent (135%) in addition to outstanding interest is due. If paid between day ninety-one (91) and one hundred fifty-one (151) the premium increases to one hundred forty percent (140%) and if paid between day one hundred fifty-two (152) and the maturity date, then the premium increases to one hundred forty-five percent (145%). After the maturity date, the note cannot be repaid without the holder's consent and the payment premium increases to one hundred fifty percent (150%). Upon and event of default or after the maturity date, the outstanding principal due shall increase by ten percent (10%) and the interest rate shall adjust to twenty-four percent (24%) per annum. In addition, a ten percent (10%) broker commission was paid to Wellington Shields & Co. LLC, which is being amortized over the life of the note. In January 2016, the Company paid the debenture in full with a payment of \$148,748, which represented a \$100,000 principal payment and \$48,748 in interest and penalties.

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On July 27, 2015, the Company entered into a convertible debenture with LG Capital Funding, LLC with a principal balance of \$105,000 due on or before March 27, 2016. The note accrues interest at a rate of eight percent (8%) per annum and is convertible into the Company's common stock commencing on the 6 month anniversary of the note, in whole or in part at the option of the holder at a conversion price equal to sixty percent (60%) of the lowest trading day price during the fifteen (15) trading days preceding the conversion date. The note also carries a payment premium, wherein if the note is paid before the ninetieth (90) day, then a premium of one hundred thirty-five percent (135%) in addition to outstanding interest is due. If paid between day ninety-one (91) and one hundred fifty-one (151) the premium increases to one hundred forty percent (140%) and if paid between day one hundred fifty-two (152) and the maturity date, then the premium increases to one hundred forty-five percent (145%). After the maturity date, the note cannot be repaid without the holder's consent and the payment premium increases to one hundred fifty percent (150%). Upon and event of default or after the maturity date, the outstanding principal due shall increase by ten percent (10%) and the interest rate shall adjust to twenty-four percent (24%) per annum. In addition, a ten percent (10%) broker commission was paid to Wellington Shields & Co. LLC, which is being amortized over the life of the note. In January 2016, the Company paid the debenture in full with a payment of \$156,462, which represented a \$105,000 principal payment and \$51,462 in interest and penalties.

On August 10, 2015, the Company entered into a convertible debenture with Vis Vires Group, Inc. with a principal balance of \$104,000 due and payable on or before May 4, 2016. The note accrues interest at a rate of eight percent (8.0%) per annum and is convertible into the Company's common stock, after 180 days, in whole or in part at the option of the holder at a conversion rate equal to the average of the three (3) lowest trading day prices during the ten (10) trading days preceding the conversion date, less a thirty-nine percent (39%) discount. The note also carries a prepayment penalty of one hundred thirty percent (130%) of the then outstanding principal and interest balance due, if the notes are paid back within the first one hundred eighty (180) days. After the first 180 days, the then outstanding principal and interest balance shall bear interest at a rate of twenty-two percent (22.0%) per annum and cannot be paid until maturity. In January 2016, the Company paid the note in full with a payment of \$139,303, which represented a \$104,000 principal payment and \$35,303 in interest and penalties.

On October 29, 2015, the Company entered into a thirty (30) day convertible debenture with a shareholder of the Company with a \$90,000 principal balance. The note does not accrue interest and is convertible into 250,000 shares of the Company's common stock if it is not repaid at maturity. On December 8, 2015 the principal balance of \$90,000 was converted into 250,000 shares of the Company's common stock.

Holders

As of the date of filing, there were 51,708,310 shares of common stock outstanding and approximately 197 stockholders of record.

Transfer Agent and Registrar

The Company's transfer agent is VStock Transfer, LLC, 77 Spruce Street, Suite 201, Cedarhurst, NY 11516, Phone: 212-828-8436.

Dividend Policy

The Company has never paid any cash dividends on its Common Stock and does not anticipate paying any cash dividends on its Common Stock in the foreseeable future. The Company intends to retain future earnings to fund ongoing operations and future capital requirements of its business. Any future determination to pay cash dividends will be at the discretion of the Board of Directors and will be dependent upon the Company's financial condition, results of operations, capital requirements and such other factors as the Board of Directors deems relevant.

Securities Authorized for Issuance Under Equity Compensation Plans

There are currently fifteen (15) outstanding options to purchase an aggregate of 2,550,690 shares of common stock under the Company's 2012 Employee, Director Stock Plan. In addition, 500,000 shares of common stock have been issued under the plan to an employee. The Company did not, however, have any options, warrants or rights outstanding as of December 31, 2014.

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Plan Category	Number of Securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
	(a)	(b)	(c)
Equity compensation plans approved by security holders	2,550,690	\$0.45	4,207,117
Equity compensation plans not approved by security holders	- 0 -	- 0 -	- 0 -
Total	2,550,690	\$0.45	4,207,117

Recent Sales of Unregistered Securities

Below is a list of securities sold by the Company from January 1, 2015 through the date of filing which were not registered under the Securities Act.

Name of Purchaser	Date of Sale	Title of Security	Amount of Securities Sold	Consideration
Lisa Colletti	02/06/15	Common Stock	(686,700)	Cancel Prior Issuance
Roy Sciacca	02/06/15	Common Stock	(273,515)	Cancel Prior Issuance
Joseph McNaney	02/24/15	Common Stock	(4,000,000)	Cancel Prior Issuance
Steven Sadaka	02/26/15	Common Stock	100,000	Purchase @ \$0.33 per share
Steven Nelson	03/03/15	Common Stock	150,000	Purchase @ \$0.44 per share
David Matthews	03/05/15	Common Stock	500,000	Employee Stock Plan
USREDA, LLC	03/13/15	Common Stock	781,250	Purchase @ \$0.32 per share
USREDA, LLC	03/24/15	Common Stock	806,452	Purchase @ \$0.31 per share
Jason Silverman	03/27/15	Common Stock	(9,335)	Cancel Prior Issuance
John Famularo	03/27/17	Common Stock	(28,005)	Cancel Prior Issuance
EraStar, Inc.	04/21/15	Common Stock	(100,000)	Cancel Prior Issuance
Gerard V David	05/06/15	Common Stock	35,000	Purchase @ \$0.29 per share
Rick Seidner	05/11/15	Common Stock	151,515	Purchase @ \$0.33 per share
Steven Sadaka	05/11/15	Common Stock	309,091	Purchase @ \$0.33 per share
Mislawn Nelson	05/26/15	Common Stock	200,000	Professional Services
Steven Nelson	05/26/15	Common Stock	250,000	Professional Services
James Dryer	05/27/15	Common Stock	25,000	Professional Services
Mimi Galbo	05/27/15	Common Stock	25,000	Professional Services
Beth M. Dryden Revocable Trust	05/29/15	Common Stock	142,962	Purchase @ \$0.56 per share
Beth M. Dryden Revocable Trust	06/05/15	Common Stock	44,643	Purchase @ \$0.56 per share
Mark & Elizabeth B Scott	06/05/15	Common Stock	89,286	Purchase @ \$0.56 per share
Luna Consultant Group, LLC	07/24/15	Common Stock	10,000	Professional Services
Caro Capital, LLC	08/13/15	Common Stock	300,000	Professional Services
Luna Consultant Group, LLC	08/25/15	Common Stock	10,000	Professional Services
James Dryer	09/04/15	Common Stock	27,500	Professional Services
Mimi Galbo	09/04/15	Common Stock	27,500	Professional Services
FMW Media Works Corp.	09/09/15	Common Stock	100,000	Professional Services
Accredited Investor Preview	09/10/15	Common Stock	100,000	Professional Services

Luna Consultant Group, LLC	09/25/15	Common Stock	10,000	Professional Services
James Dryer	10/01/15	Common Stock	2,500	Professional Services
Mimi Galbo	10/01/15	Common Stock	2,500	Professional Services
Luna Consultant Group, LLC	10/23/15	Common Stock	10,000	Professional Services
James Dryer	11/01/15	Common Stock	2,500	Professional Services

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Mimi Galbo	11/01/15	Common Stock	2,500	Professional Services
Steven Sadaka	11/16/15	Common Stock	250,000	Professional Services
Anthony Santelli, II	11/17/15	Common Stock	135,136	Purchase @ \$0.37 per share
Santelli Partners	11/17/15	Common Stock	135,136	Purchase @ \$0.37 per share
Luna Consultant Group, LLC	11/24/15	Common Stock	10,000	Professional Services
Steven Sadaka	11/25/15	Common Stock	156,250	Purchase @ \$0.32 per share
Oren Kantor	11/25/15	Common Stock	78,125	Purchase @ \$0.32 per share
Matthew & Casey Shore	11/25/15	Common Stock	156,250	Purchase @ \$0.32 per share
James Dryer	12/01/15	Common Stock	2,500	Professional Services
Mimi Galbo	12/01/15	Common Stock	2,500	Professional Services
Steven Sadaka	12/08/15	Common Stock	100,000	Purchase @ \$0.29 per share
Megan Kantor	12/08/15	Common Stock	100,000	Purchase @ \$0.29 per share
Fedelta Capitello, LLC	12/08/15	Common Stock	100,000	Purchase @ \$0.29 per share
Steven Sadaka	12/08/15	Common Stock	250,000	Convertible Debenture Conversion
Accredited Investor Preview	12/10/15	Common Stock	150,000	Professional Services
Luna Consultant Group, LLC	01/01/16	Common Stock	10,000	Professional Services
James Dryer	01/04/16	Common Stock	2,500	Professional Services
Mimi Galbo	01/04/16	Common Stock	2,500	Professional Services
Iconic Holdings, LLC	01/06/16	Common Stock	233,147	Convertible Debenture Conversion
Richard Bindler Revocable Trust	01/08/16	Common Stock	100,000	Purchase @ \$0.23 per share
Group 10 Holdings, LLC	01/13/16	Common Stock	157,418	Convertible Debenture Conversion
Richard Bindler Revocable Trust	01/20/16	Common Stock	150,000	Purchase @ \$0.16 per share
Steven Sadaka	01/20/16	Common Stock	250,000	Purchase @ \$0.17 per share
Iconic Holdings, LLC	01/22/16	Common Stock	657,895	Convertible Debenture Conversion
Luna Consultant Group, LLC	01/25/16	Common Stock	400,000	Professional Services
Rolnick Family LP	01/26/16	Common Stock	100,000	Purchase @ \$0.24 per share
Matthew & Casey Shore	01/27/16	Common Stock	100,000	Purchase @ \$0.24 per share
Fedelta Capitello, LLC	01/27/16	Common Stock	100,000	Purchase @ \$0.24 per share
Nancy Burgess & David Gross	01/29/16	Common Stock	100,000	Purchase @ \$0.24 per share
Jason Taylor	01/29/16	Common Stock	200,000	Purchase @ \$0.24 per share
Oren Kantor	02/02/16	Common Stock	208,334	Purchase @ \$0.24 per share
David Kantor	02/02/16	Common Stock	208,333	Purchase @ \$0.24 per share
USREDA, LLC	03/05/16	Common Stock	3,717,785	Purchase @ \$0.20 per share
Carbolosic Energy 1, LLLP	03/05/16	Common Stock	3,717,785	Purchase @ \$0.20 per share
A.J. Enterprises, LLP	03/30/16	Common Stock	208,334	Purchase @ \$0.24 per share

The securities issued in the above mentioned transactions were issued in connection with private placements exempt from the registration requirements of Section 5 of the Securities Act of 1933, as amended, pursuant to the terms of Section 4(2) of that Act and Rules 505 and 506 of Regulation D.

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The Company has never purchased nor does it own any equity securities of any other issuer.

ITEM 6. SELECTED FINANCIAL DATA

As a smaller reporting company it is not required to provide the information required by this Item.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION

The following discussion should be read in conjunction with the Company's audited financial statements and the notes thereto.

Forward-Looking Statements

This annual report contains forward-looking statements and information relating to the Company that are based on the beliefs of its management as well as assumptions made by, and information currently available to, its management. When used in this report, the words "believe," "anticipate," "expect," "estimate," "intend," "plan" and similar expressions, as they relate to the Company or its management, are intended to identify forward-looking statements. These statements reflect management's current view of the Company concerning future events and are subject to certain risks, uncertainties and assumptions, including among many others: a general economic downturn; a downturn in the securities markets; federal or state laws or regulations having an adverse effect on proposed transactions that the Company desires to effect; Securities and Exchange Commission regulations which affect trading in the securities of "penny stocks"; and other risks and uncertainties. Should any of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in this report as anticipated, estimated or expected. The accompanying information contained in this registration statement, including, without limitation, the information set forth under the heading "Management's Discussion and Analysis and Plan of Operation -- Risk Factors" identifies important additional factors that could materially adversely affect actual results and performance. You are urged to carefully consider these factors. All forward-looking statements attributable to the Company are expressly qualified in their entirety by the foregoing cautionary statement.

Business Overview

Alliance Bioenergy Plus, Inc. (the "Company") is a technology company focused on emerging technologies in the renewable energy, biofuels and new technologies sectors. From inception through December 5, 2014, the Company was known as Alliance Media Group Holdings, Inc. At inception (March 28, 2012), the Company was organized as a vehicle to engage in the commercial production, distribution and exploitation of Motion Pictures and other Entertainment products. However, in December 2013, a wholly owned subsidiary of the Company, AMG Renewables, LLC ("AMG Renewables"), acquired the controlling interest (51%) in AMG Energy Group, LLC ("AMG Energy"), which owns a fifty percent (50%) interest of Carbolosic, LLC ("Carbolosic"), which holds an exclusive worldwide license to the University of Central Florida's patented technology (U.S. Patent 8,062,428) known as "CTS™". The CTS technology is a mechanical/chemical, dry process for converting cellulose material into sugar for use in the biofuels industry as well as other fine chemical manufacturing. The Company's goal in acquiring the interest in AMG Energy is to develop the CTS technology to a commercial scale and then seek to license the technology to prospective licensees. In September 2014, the Company determined to focus all of the Company's resources and personnel on the Company's renewable energy holdings and future energy technologies and to divest the Company of its entertainment-related assets and subsidiaries. The principal reason for such action was the recognition that the Company's entertainment-related assets were generating substantial losses and contributing little value compared to the potential management saw in the energy-related activities and to provide a clear focus and direction to the Company moving forward. The Company therefore determined at that time to divest and sell off, close down or discontinue the operations of its entertainment-related subsidiaries. Subsequently, the Company determined that the name Alliance Media Group Holdings, Inc. was no longer relevant to the new business direction of the Company and, effective December 5, 2014, amended the Company's Articles of Incorporation to change the name of the Company to Alliance Bioenergy Plus, Inc., which is more appropriately descriptive of the new business direction of the Company.

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Plan of Operation

The Company is focused on one industry – Renewable Energy. Through its wholly-owned subsidiaries, AMG Renewables, LLC and Carbolosic Plant 1, LLC, which in turn owns controlling interests in AMG Energy Group, LLC, and Central Florida Institute of Science and Technology, Inc., the Company has a strategy that includes growth in its energy-related activities as well as mergers and acquisitions and start-up activities which are focused on development of an increasing revenue stream, secure market share and enhancement of shareholder value.

AMG RENEWABLES, LLC

AMG Renewables, LLC, a Florida limited liability company (“AMG Renewables”), is a wholly-owned subsidiary of the Company, created for the purpose of managing and developing the Company’s renewable energy technology enterprises. AMG Renewables has one wholly-owned subsidiary, Carbolosic Plant 1, LLC, a Florida limited liability company (“Carbolosic Plant 1”), and two majority owned subsidiaries, AMG Energy Group, LLC, a Florida limited liability company (“AMG Energy”) and Ek Laboratories, Inc, a Florida corporation (“EK”).

- On December 26, 2013, AMG Renewables acquired the controlling interest (51%) in AMG Energy Group from certain related parties for a consideration comprising \$2,200,000 cash and delivery of 7,266,000 shares of Company Common Stock. In connection with the transaction, an amount which the Company owed to AMG Energy (\$214,894) for various loans and consulting fees was eliminated in the acquisition. On December 26, 2013, 7,000,000 shares of Company common stock were delivered to AMG Energy Solutions, Inc. (a related party) and the remaining 266,000 shares of Company common stock were delivered on June 18, 2014 to Wellington Asset Holdings, Inc. As of the date of filing, the Company has paid \$168,742 of the \$2,200,000 cash payable on account of this transaction, and as of such date, has not yet paid the remaining amount, which amount has been recorded on the books of the Company as a related party payable relating to an acquisition.
- AMG Energy owns a fifty percent (50%) interest of Carbolosic, LLC, a Delaware limited liability company (“Carbolosic”), which holds an exclusive worldwide license to the University of Central Florida’s patented technology (U.S. Patent 8,062,428) known as “CTS™”. The CTS technology is a mechanical/chemical, dry process for converting cellulose material into sugar for use in the biofuels industry as well as other fine chemical manufacturing. The Company’s goal is to develop this CTS technology to a commercial scale and then seek to license the technology to prospective licensees.

On May 13, 2015, AMG Energy entered into a series of agreements with various unrelated third parties, wherein AMG Energy sublicensed the CTS technology to Naldogen (Pty) Ltd., an existing South African company, which will be renamed Carbolosic Energy SA PTY LTD (“Carbolosic SA”). Carbolosic SA shall be solely devoted to exploitation of the CTS technology in South Africa, Lesotho, Swaziland and Botswana and the term of the sublicense is coterminous with the master license (i.e. through July 1, 2032). The consideration for the grant of the sublicense is \$25,000,000 (“License Fee”), which must be paid or guaranteed by March 1, 2016. In addition to the license fee, the sublicense holder will pay AMG Energy a royalty of 3.5% of the revenues on the first CTS plant developed and a 5.0% royalty on the revenues of additional plants developed.

Contemporaneously, Carbolosic SA’s shareholders entered into an agreement whereby, among other matters, it was agreed that ownership of Carbolosic SA shall be 43.5% for Tes Projects (Pty) Ltd, a South African company (“Tes”), 24.5 % for Spearhead Capital Ltd, a Seychelles company (“Spearhead”), 7.5% for Jupiter Trust, a South African Trust (“Jupiter”) and 24.5% for Alliance BioEnergy Plus, Inc. TES, Spearhead and Jupiter are all unrelated to the Company. The interests of Tes and Jupiter are delivered in consideration of the funding or guarantee of funding of the License Fee; Spearhead’s interest is in consideration of facilitating the Sublicense transaction; and the Company’s interest is in exchange for the delivery to Carbolosic SA of a 24.5% interest in one of the Company’s CTS sugar extracting plants to be developed in the United States.

In February 2016, due to economic and political turmoil in South Africa, members of Tes Projects (Pty) Ltd and Jupiter Trust resigned from management and from the board of Carbolosic SA and returned all ownership interest in Carbolosic SA to the Carbolosic SA treasury. Spearhead Capital intends to continue operations of Carbolosic SA but, at this time, there is no guarantee that they will be successful in securing the needed funds or contracts to do so. The Company will evaluate its position in Africa in the coming months and decide on a path forward.

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On July 29, 2015, Alliance BioEnergy Plus, Inc. (the "Company") entered into two agreements with Renewable Resources Development of America, L.L.C. ("RRDA") related to the development of facilities by RRDA in North and South America which will utilize the Company's Cellulose to Sugar ("CTS") technology. RRDA is engaged in construction and finance of facilities for municipal solid waste recovery and plastics, metals and paper recycling, chemical extraction from ore for manufacturing and cellulose material conversion into sugars for manufacture of bio-fuels, bio-plastics and other products. In connection with its business plan, RRDA is developing facilities using cellulose conversion technology.

In this regard, the Company and RRDA entered into a Non-Exclusive Development Agreement ("Development Agreement") pursuant to which RRDA will utilize the CTS technology in the plants it develops. Under the Development Agreement, the Company would license its intellectual property to RRDA and provide certain consulting and educational services to RRDA. The specific terms of the license have yet to be determined. It is currently RRDA's plan to develop up to 56 plants.

In addition, the Company and RRDA simultaneously entered into a Finance Agreement ("Finance Agreement") pursuant to which the Company would receive \$4 million cash in exchange for the following: (a) RRDA shall receive a number of shares of Company Common Stock such that at the closing of the financing RRDA would own ten percent (10%) of the number of issued and outstanding shares of the Common Stock of the Company; (b) RRDA would receive a Warrant to purchase two (2) million shares of Company Common Stock on terms to be agreed; (c) the license fee payable to the Company on account of the first plant being developed by RRDA in Georgia would be waived and (d) RRDA will designate two (2) persons to be appointed to the Company's Board of Directors.

In March 2016, the Company canceled the Finance Agreement with RRDA due to a lack of funding in a timely manner. The Development Agreement remains in effect and any opportunities brought to the Company under this agreement will be subject to the same terms and conditions as any other license opportunity, including the proposed plant in Vidalia, Georgia.

- Carbolosic Plant 1 was created in October 2014 for the purpose of being a full scale facility for converting cellulose material into sugar for use in the biofuels industry as well as other fine chemical manufacturing located in Palm Beach County, FL. In March 2016, Carbolosic Plant 1 was sold to Carbolosic Energy 1, LLLP, a non-related third party, in exchange for satisfaction of the outstanding \$1,250,000 loan between Carbolosic Plant 1 and the Company.
- EK, was created in December 2014 under the name Central Florida Institute of Science and Technology, Inc. and changed its name to Ek Laboratories, Inc. on June 05, 2015. EK was formed as a wholly owned subsidiary of AMG Energy, to serve as a demonstration and research facility to further develop the CTS process, its uses, and develop new technologies.

The Company believes that its management and consultants have significant experience in the bio-fuels, renewable energy and chemical manufacturing industries. As of this date, the Company has not generated any revenues from its renewable energy business.

Capital Formation

In November 2013, the Company commenced an offering of up to 12,000,000 shares of common stock at a price of \$0.75 per share (the "Offering"). In the years ended December 31, 2014 and three months ended March 31, 2015, the Company had sold 3,203,295 and 0 shares of common stock through the Offering for aggregate proceeds of \$2,402,180 and \$0 respectively, of which 5,000 is a stock subscription receivable. The Offering was terminated in March 2015.

During the fiscal year ended December 31, 2013, the Company issued an aggregate of 8,867,000 shares of its common stock as partial consideration for certain acquisitions valued at \$5,474,040. During the fiscal year ended December 31, 2014, the Company issued the remaining 266,000 shares of its common stock valued at \$199,500. 116,869 shares valued at \$14,024 and 497,555 shares at December 31, 2014 and March 31, 2015, respectively, have been tendered to the company for cancellation relating to on ongoing legal case.

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During the fiscal year ended December 31, 2014, the Company committed an aggregate of 5,689,503 shares of its common stock for services valued at \$6,027,587. 3,000,000 shares to a consultant for services were subsequently returned to the company for rescission, by said consultant, in February 2015 along with a share certificate for an additional 1,000,000 shares. In exchange for these shares, the Company granted said consultant 2 warrant agreements for the right to purchase an aggregate of 2,000,000 shares of common stock, with a five year term, and exercise prices of \$0.40 and \$0.65. Using a Black-Scholes asset pricing model, these agreements were valued at \$767,705.

During the fiscal year ended December 31, 2014, the Company entered into a common stock purchase warrant agreement with EraStar, Inc. whereby it issued a warrant to purchase 500,000 shares of common stock for a period of five (5) years at an exercise price of \$1.00 per share. Using a Black-Scholes asset-pricing model, this agreement was valued at \$278,850 and is being amortized over the life of the agreement. In April 2015, the Company received notice that EraStar, Inc. terminated this agreement and returned 100,000 shares of Company common stock for cancellation and also forfeited the warrant agreement to purchase 500,000 shares of common stock with a remaining value of \$255,612.

In February 2015, the Company commenced a new offering of units valued at eight-five (85%) percent of the average of the last three days closing market share price. Each unit consists of one (1) share of common stock, one (1) three-year Series A warrant convertible to .5 common share at an exercise price of \$0.75 and one (1) three-year series B warrant convertible to .5 common share at an exercise price of \$1.50. As of the date of filing, the Company has sold 2,460,199 units for aggregate proceeds of \$850,209. The offering is ongoing.

In November 2015, the Company commenced a new offering of units valued at eight-five (85%) percent of the average of the last three days closing market share price. Each unit consists of one (1) share of common stock, one (1) three-year Series C warrant convertible to .5 common share at an exercise price of \$0.45 and one (1) three-year series D warrant convertible to .5 common share at an exercise price of \$0.65. As of the date of filing, the Company has sold 1,460,897 units for aggregate proceeds of \$401,000. The offering is ongoing.

During the fiscal years ended December 31, 2015 and December 31, 2014, a \$90,000 convertible note converted to 250,000 shares of common stock and a \$57,862 note balance converted to 458,333 shares of common stock respectively. The company assesses the value of the beneficial conversion feature of its convertible debt by determining the intrinsic value of such conversion, under ASC 470, at the time of issuance. At the time of issuance of the convertible debt instruments set out above, the fair value of the stock was either the same or less than the conversion price, and so there was no value attributable to any beneficial conversion feature.

Through the date of filing, an additional \$115,000 of the Company's convertible debt converted to 1,048,460 shares of common stock. The company assesses the value of the beneficial conversion feature of its convertible debt by determining the intrinsic value of such conversions, under ASC 470, at the time of issuance. At the time of issuance of the convertible debt instruments set out above, the fair value of the stock was greater than the conversion price, and therefore a total value of \$218,301 was attributed to the beneficial conversion feature.

In January 2016, the Company commenced a new offering of units valued at \$0.24 per share. Each unit consist of one (1) share of common stock and one (1) five-year Series E warrant convertible to one (1) common share at an exercise price of \$0.45. As of the date of filing, the Company has sold 1,225,001 units for aggregate proceeds of \$294,000. The offering is ongoing.

In March 2016, the Company commenced a new offering of units valued at \$765,735. Each units consist of three million seven hundred seventeen thousand seven hundred eighty-five (3,717,785) shares of common stock and four million five hundred thousand (4,500,000) five-year series F warrants convertible to one (1) share of common stock each at an exercise price of \$0.25. As of the date of filing, the Company has sold 2 units for aggregate proceeds of \$1,531,470.

From January 1, 2015 through the date of filing, 500,000 shares of common stock in connection with certain ongoing litigation were canceled.

From January 1, 2015 through the date of filing, the Company has issued 2,085,000 shares of Company common stock for services valued at \$1,014,600 and received \$5,000 worth of services for stock subscriptions receivable.

From January 1, 2015 through the date of filing, the Company issued an aggregate of 500,000 shares of its common stock valued at \$240,000 in accordance with its 2012 Employee, Director Stock Plan.

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From January 1, 2015 through the date of filing, the Company issued an aggregate of 2,550,000 warrants for services. Using a Black-Scholes asset pricing model, these warrants were valued at \$1,435,008. These warrant agreements have terms ranging from three years (3) to five years (5) with exercise prices ranging from forty cents (\$0.40) to two dollars (\$2.00) per share.

From January 1, 2015 through the date of filing, the Company issued options to its independent directors to purchase an aggregate of 425,690 shares of common stock for a period of three (3) years at an average exercise price of \$0.45. In addition, the Company also approved employee stock options to purchase 2,125,000 shares of common stock at an average exercise price of \$0.45 and terms ranging from three (3) to ten (10) years. 1,791,666 of these options are vested, with the remaining 333,334 vesting in the first quarter of 2016. Using a Black-Scholes asset pricing model, these agreements were valued at \$696,953.

Going Concern

The Company has incurred losses since inception, has a working capital deficiency, and may be unable to raise further equity. At December 31, 2015 the Company had a working capital deficiency of \$3,022,760 and had incurred accumulated losses of \$17,052,797 since its inception. The Company expects to incur significant additional losses in connection with its continued start-up activities. As a result, the report of the Company's independent registered public accounting firm on the Company's financial statements for the period ended December 31, 2015 contains an emphasis of matter paragraph regarding the Company's ability to continue as a going concern based upon recurring operating losses and its need to obtain additional financing to sustain operations. The Company's ability to continue as a going concern is dependent upon its ability to obtain the necessary financing to meet its obligations and repay its liabilities when they become due and to generate sufficient revenues from its operations to pay its operating expenses. Furthermore, these Financial Statements do not include any adjustments related to the recoverability and classifications of recorded asset amounts, or amounts and classifications of liabilities that might result from this uncertainty.

Through its private offerings, the Company raised \$2,402,180 for the year ended December 31, 2014 and an additional \$1,162,209 in the year ended December 31, 2015. As of the date of filing, the company has received an additional \$1,914,470 through its private offerings.

Results of Operations

Comparison of the year ended December 31, 2015 to December 31, 2014

For the year ended December 31, 2015 the Company's general and administrative expenses decreased by approximately \$2,484,940 to \$5,330,832 from \$7,815,772 for the year ended December 31, 2014. This decrease is primarily the result of a reduction in legal, accounting and consulting fees from \$6,668,686 to \$2,790,830, of which \$2,281,273 is non-cash stock compensation. This reflects a \$3,877,856 reduction in these fees. The Company recognized no revenues from continuing operations during the fiscal year ended December 31, 2015 or December 31, 2014.

Interest expense increased in the year ended December 31, 2015 by approximately \$178,249 to \$189,394 from \$11,145. This increase was the result of interest accrued on \$1,561,000 in short term debt notes received during 2015.

For the year ended December 31, 2015 the Company's equity loss in an unconsolidated affiliate was \$180,354, down from \$208,113 in 2014. This loss was mainly due to payroll and legal fees incurred by the non-consolidated affiliate, which mostly pertained to global patent applications.

For the year ended December 31, 2015, the Company recognized a \$125,861 expense resulting from the beneficial conversation features of its convertible notes. The Company did not recognize an expense in 2014.

For the year ended December 31, 2015, the Company's discontinued operations showed a profit of \$668,269, as opposed to a \$1,902,530 loss during the year ended December 31, 2014. This change is primarily the result of \$26,631 in legal fees and \$700,000 in cancelled debt resulting from a settlement in connection with certain ongoing litigation. These amounts are the result of the Company's decision in September 2014 to divest the Company of its entertainment-related assets and subsidiaries and to focus all of the Company's resources and personnel on the Company's renewable energy holdings and future energy technologies.

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Research and development (R&D) costs for the year ended December 31, 2015 were \$27,642, an increase of \$26,677 from \$965 for the year ended December 31, 2014. The increase in R&D expenses is the result of the opening of Ek Laboratories, Inc. in June 2015 and its purchases of gasses and other fine grade materials used in the CTS process.

Liquidity and Capital Resources

Liquidity

As of December 31, 2015 the Company had \$62,054 in cash. Total Stockholders' Equity at December 31, 2015 was \$4,144,284. Total debt from continuing operations, including advances, accounts payable and other notes payable at December 31, 2015, together with interest payable thereon, was \$5,096,682 an increase of \$1,555,226 from \$3,541,456 at December 31, 2014.

During the fiscal year ended December 31, 2015, the Company's continuing operating activities decreased \$223,155 to \$1,735,548 from \$1,958,703 at December 31, 2014. This expense can primarily be attributed to \$785,393 used in payroll, \$509,557 in legal, accounting and consulting fees and \$189,722 in loan fees.

During the fiscal year ended December 31, 2015, the Company's investing activities used \$543,874 in cash. This use can be attributed to \$214,225 used to purchase machinery and equipment, \$202,021 in capitalized engineering costs and \$115,941 advanced to Carbolosic, LLC for operational costs.

During the fiscal year ended December 31, 2015, the Company generated an aggregate of \$2,168,894 through its financing activities. This decrease of \$1,294,544 from the prior year can primarily be attributed to a \$1,239,971 decrease in the sale of common stock through the Company's private offerings and \$0 received through Company's partnership with Carbolosic Energy 1, LLLP, while simultaneously securing \$1,561,000 in new short-term debt notes.

Capital Resources

At this time, the Company has limited liquidity and capital resources. To continue funding the Company's operations, the company will need to generate revenue and/or will require additional funding for ongoing operations and to finance such projects it may identify. As of the date of filing, the Company has raised \$5,644,860 through its private placement offerings; however there is no guarantee that the company will be able to raise any additional capital on terms acceptable to the Company.

The inability to obtain this funding either in the near term and/or longer term will materially affect the ability of the Company to implement its business plan of operations and jeopardize the viability of the Company. In that case, the Company may need to reevaluate and revise its operations.

Critical Accounting Policies

Basis of Presentation

The accompanying consolidated financial statements of the Company were prepared in accordance with generally accepted accounting principles in the U.S. ("U.S. GAAP") and include the assets, liabilities, revenues and expenses of the Company's majority-owned subsidiaries over which the Company exercises control. Intercompany transactions and balances were eliminated in consolidation.

Principles of Consolidation

The Company's consolidated financial statements include the accounts of the Company and its subsidiaries, after elimination of intercompany accounts and transactions. Investments in business entities in which the Company lacks control but has the ability to exercise significant influence over operating and financial policies are accounted for using the equity method. The Company's proportionate share of net income or loss of the entity is recorded in the Consolidated Statements of Earnings.

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Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the dates presented and reported amounts of revenues and expenses during the reporting periods presented. Significant estimates inherent in the preparation of the accompanying Consolidated Financial Statements include estimates of impairment assessment of identifiable intangible assets and valuation allowance for deferred tax assets. Estimates are based on past experience and other considerations reasonable under the circumstances. Actual results may differ from these estimates.

Stock Compensation

The Company recognizes the cost of all share-based payments under the relevant authoritative accounting guidance. Share-based payments include any remuneration paid by the Company in shares of the Company's common stock or financial instruments that grant the recipient the right to acquire shares of the Company's common stock. For share-based payments to employees, which consist only of awards made under the stock option plan described below, the Company accounts for the payments in accordance with the provisions of ASC Topic 718, "Stock Compensation" (formerly referred to as SFAS No. 123(R)). Share-based payments to consultants, service providers and other non-employees are accounted for under in accordance with ASC Topic 718, ASC Topic 505, "Equity Payments to Non-Employees" or other applicable authoritative guidance.

Convertible Instruments

The Company evaluates and accounts for conversion options embedded in convertible instruments in accordance with ASC 815 "Derivatives and Hedging Activities".

Applicable GAAP requires companies to bifurcate conversion options from their host instruments and account for them as free standing derivative financial instruments according to certain criteria. The criteria include circumstances in which (a) the economic characteristics and risks of the embedded derivative instrument are not clearly and closely related to the economic characteristics and risks of the host contract, (b) the hybrid instrument that embodies both the embedded derivative instrument and the host contract is not re-measured at fair value under other GAAP with changes in fair value reported in earnings as they occur and (c) a separate instrument with the same terms as the embedded derivative instrument would be considered a derivative instrument.

The Company accounts for convertible instruments (when we have determined that the embedded conversion options should not be bifurcated from their host instruments) as follows: The Company records when necessary, discounts to convertible notes for the intrinsic value of conversion options embedded in debt instruments based upon the differences between the fair value of the underlying common stock at the commitment date of the note transaction and the effective conversion price embedded in the note. Debt discounts under these arrangements are amortized over the term of the related debt to their stated date of redemption.

Recent Accounting Pronouncements

From time to time, new accounting pronouncements are issued by the Financial Accounting Standards Board or other standard setting bodies that may have an impact on the Company's accounting and reporting. The Company believes that such recently issued accounting pronouncements and other authoritative guidance for which the effective date is in the future either will not have an impact on its accounting or reporting or that such impact will not be material to its financial position, results of operations, and cash flows when implemented.

In June 2014, the FASB issued ASU No. 2014-10, Development Stage Entities (Topic 915): Elimination of Certain Financial Reporting Requirements, Including an Amendment to Variable Interest Entities Guidance in Topic 810, Consolidation. The amendments in this Update remove the definition of a development stage entity from the Master Glossary of the Accounting Standards Codification, thereby removing the financial reporting distinction between development stage entities and other reporting entities from GAAP. In addition, the amendments eliminate the requirements for development stage entities to (1) present inception-to-date information in the statements of income, cash flows, and shareholder equity, (2) label the financial statements as those of a development stage entity, (3) disclose a description of the development stage activities in which the entity is engaged, and (4) disclose in the first year in which the entity is no longer in a development stage that in prior years it had been in the development stage.

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The amendments also clarify that the guidance in Topic 275, Risks and Uncertainties, is applicable to entities that have not commenced planned principal operations. Finally, the amendments remove paragraph 810-10-15-16. Paragraph 810-10-15-16 states that a development stage entity does not meet the condition in paragraph 810-10-15-14(a) to be a variable interest entity if (1) the entity can demonstrate that the equity invested in the legal entity is sufficient to permit it to finance the activities that it is currently engaged in and (2) the entity's governing documents and contractual arrangements allow additional equity investments. The amendments in this Update also eliminate an exception provided to development stage entities in Topic 810, Consolidation, for determining whether an entity is a variable interest entity on the basis of the amount of investment equity that is at risk. The amendments to eliminate that exception simplify GAAP by reducing avoidable complexity in existing accounting literature and improve the relevance of information provided to financial statement users by requiring the application of the same consolidation guidance by all reporting entities. The elimination of the exception may change the consolidation analysis, consolidation decision, and disclosure requirements for a reporting entity that has an interest in an entity in the development stage. The amendments related to the elimination of inception-to-date information and the other remaining disclosure requirements of Topic 915 should be applied retrospectively except for the clarification to Topic 275, which shall be applied prospectively. For public business entities, those amendments are effective for annual reporting periods beginning after December 15, 2014, and interim periods therein. Early application of each of the amendments is permitted for any annual reporting period or interim period for which the entity's financial statements have not yet been issued (public business entities) or made available for issuance (other entities). Upon adoption, entities will no longer present or disclose any information required by Topic 915. The Company adopted ASU No. 2014-10 effective July 31, 2014.

Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on its financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that is material to investors.

Seasonality

The Company's operating results are not affected by seasonality.

Inflation

The Company's business and operating results are not affected in any material way by inflation.

Contractual Obligations

As a "smaller reporting company" as defined by Item 10 of Regulation S-K, the Company is not required to provide this information.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

As a "smaller reporting company" as defined by Item 10 of Regulation S-K, the Company is not required to provide information required by this Item.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Set forth below are the audited financial statements for the Company for the years ended December 31, 2015 and December 31, 2014, and the report thereon of Paritz & Co., P.A.

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<u>Consolidated Balance Sheets as of December 31, 2015 and December 31, 2014</u>	<u>F-3</u>
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15 Warren Street, Suite 25
 Hackensack, New Jersey 07601
 (201) 342-7753
 Fax: (201) 342-7598
 www.paritz.com

REPORT OF INDEPENDENT REGISTERED ACCOUNTING FIRM

The Board of Directors and Shareholders
Alliance Bioenergy Plus, Inc. and Subsidiaries
 West Palm Beach, Florida

We have audited the accompanying consolidated balance sheet of Alliance Bioenergy Plus, Inc. and subsidiaries as of December 31, 2015 and 2014, and the related consolidated statements of operations, stockholders' equity, and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Alliance Bioenergy Plus, Inc. and subsidiaries as of December 31, 2015 and 2014 and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 2 to the financial statements, the Company has not generated any revenue, has recurring losses since inception and has a net capital deficiency that raise substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 2. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

These financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts, or amounts and classification of liabilities that might result from this uncertainty.

/s/ Paritz & Company, P.A.

Hackensack, New Jersey
 April 7, 2016

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Alliance BioEnergy Plus, Inc.
CONSOLIDATED BALANCE SHEETS

	<u>December 31,</u> <u>2015</u>	<u>December 31,</u> <u>2014</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 62,054	\$ 205,969
Prepaid expenses	743,738	470,612
Deferred financing costs	54,278	-
Current assets of discontinued operations	-	11,263
TOTAL CURRENT ASSETS	<u>860,070</u>	<u>687,844</u>
 PROPERTY AND EQUIPMENT, AT COST, NET OF ACCUMULATED DEPRECIATION OF \$59,919 AND \$15,883 AT DECEMBER 31, 2015 AND DECEMBER 31, 2014, RESPECTIVELY	 <u>310,576</u>	 <u>140,387</u>
 Other assets		
Security deposits	18,965	7,278
Capitalized fees	202,021	-
Investment in and advances to an unconsolidated affiliate	7,433,024	7,497,437
Long term assets of discontinued operations	-	-
TOTAL OTHER ASSETS	<u>7,654,010</u>	<u>7,504,715</u>
TOTAL ASSETS	<u>\$ 8,824,656</u>	<u>\$ 8,332,946</u>
 LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	\$ 387,442	\$ 182,295
Payable relating to an acquisition - Related party	2,031,258	2,031,258
Short term note payable – Related party	71,000	71,000
Short-term note payable – Other	265,000	-
Convertible debentures payable - Other	999,000	-
Interest payable – Related Party	9,036	5,486
Interest payable – Other	83,946	1,417
Current liabilities of discontinued operations	36,148	733,762
TOTAL CURRENT LIABILITIES	<u>3,882,830</u>	<u>3,025,218</u>
Long term liabilities		
Long term notes payable – Other	1,250,000	1,250,000
TOTAL LONG TERM LIABILITIES	<u>1,250,000</u>	<u>1,250,000</u>
TOTAL LIABILITIES	<u>5,132,830</u>	<u>4,275,218</u>
 STOCKHOLDERS' EQUITY		
Preferred stock; \$0.001 par value; 10,000,000 shares authorized; zero shares issued and outstanding	-	-
Common stock; \$0.001 par value; 100,000,000 shares authorized; 41,084,279 shares issued and outstanding at December 31, 2015 and 40,340,738 shares issued and outstanding at December 31, 2014	41,084	40,341
Stock Subscription Receivable	(5,000)	(10,000)
Additional paid-in capital	21,160,997	16,374,470

Accumulated deficit	(17,052,797)	(12,208,326)
Total stockholders' equity	<u>4,144,284</u>	<u>4,196,485</u>
Non-controlling interest	(452,458)	(138,757)
TOTAL EQUITY	<u>3,691,826</u>	<u>4,057,728</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>\$ 8,824,656</u>	<u>\$ 8,332,946</u>

The accompanying notes are an integral part of these consolidated financial statements

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Alliance BioEnergy Plus, Inc.
CONSOLIDATED STATEMENT OF OPERATIONS

	For The Year Ended December 31, 2015	For The Year Ended December 31, 2014
Revenues	\$ -	\$ -
Operating expense		
General and administrative	5,330,832	7,815,772
Total operating expenses	5,330,832	7,815,772
Loss from operations	(5,330,832)	(7,815,772)
Other expenses		
Equity loss in an unconsolidated affiliate	180,354	208,113
Beneficial conversion features	125,861	-
Interest expense – related party	3,582	1,629
Interest expense – other	185,812	9,516
Total other expenses	(495,609)	(219,258)
Loss from continuing operations	(5,826,441)	(8,035,030)
Discontinued operations		
Loss from operations	31,731	978,490
Debt forgiveness	(700,000)	-
Asset impairment	-	924,040
Gain (loss) from discontinued operations	668,269	(1,902,530)
Loss before provisions for income taxes	\$ (5,158,172)	\$ (9,937,560)
Provisions for income taxes	-	-
Net loss	(5,158,172)	(9,937,560)
Net loss attributable to non-controlling interest	(313,701)	(138,543)
Net loss attributable to Company	\$ (4,844,471)	\$ (9,799,017)
Basic and diluted net loss per share		
Continuing operations	(0.16)	(0.22)
Discontinued operations	(0.02)	(0.05)
Net loss per share	\$ (0.14)	\$ (0.27)
Weighted average common shares outstanding		
Basic and Diluted	38,988,918	37,029,419

The accompanying notes are an integral part of these consolidated financial statements

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Alliance BioEnergy Plus, Inc.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

	Common Stock		Preferred Stock		Stock Subscription Receivable	Additional Paid-in Capital	Accumulated Deficit	Non-controlling Interest	Total Stockholders' (Deficiency)
	Shares	Amount	Shares	Amount					
Balance as of January 1, 2014	32,840,476	\$32,841	-	-	\$ (10,000)	\$ 8,930,015	\$ (2,409,309)	\$ (214)	\$ 6,543,333
Issuance of common stock for services	5,689,503	5,690	-	-	-	6,021,897	-	-	6,027,587
Cancellation of common stock for prepaid expenses	(2,000,000)	(2,000)	-	-	-	(1,498,000)	-	-	(1,500,000)
Issuance of 500,000 warrants for services	-	-	-	-	-	278,850	-	-	278,850
Issuance of common stock in connection with conversion of notes payable	458,333	458	-	-	-	57,404	-	-	57,862
Issuance of common stock for cash	3,203,295	3,203	-	-	-	2,398,977	-	-	2,402,180
Cancellation of common stock from acquisition (1)	(116,869)	(117)	-	-	-	(13,907)	-	-	(14,024)
Issuance of common stock for acquisition (2)	266,000	266	-	-	-	199,234	-	-	199,500
Net loss	-	-	-	-	-	-	(9,799,017)	(138,543)	(9,937,560)
Balance as of December 31, 2014	40,340,738	\$40,341	-	-	\$ (10,000)	\$16,374,470	\$ (12,208,326)	\$ (138,757)	\$ 4,057,728
Issuance of common stock for services	1,670,000	1,670	-	-	5,000	848,730	-	-	855,400
Rescission of common stock	(4,600,000)	(4,600)	-	-	-	4,600	-	-	-
Issuance of 4,130,000 warrants for services	-	-	-	-	-	2,074,698	-	-	2,074,698
Rescission of 2,500,000 warrants	-	-	-	-	-	(255,612)	-	-	(255,612)
Issuance of 3,421,100 warrants through PPM	-	-	-	-	-	-	-	-	-
Issuance of common stock for cash	3,421,096	3,421	-	-	-	1,158,788	-	-	1,162,209
Common stock issued under employee, director plan	500,000	500	-	-	-	239,500	-	-	240,000
Issuance of 1,967,356 options under employee, director plan	-	-	-	-	-	625,575	-	-	625,575
Issuance of common stock in connection with conversion of notes payable	250,000	250	-	-	-	89,750	-	-	90,000
Cancellation of common stock from acquisition (1)	(497,555)	(498)	-	-	-	498	-	-	-
Expiration of 500,000 options	-	-	-	-	-	-	-	-	-
Net loss	-	-	-	-	-	-	(4,844,471)	(313,701)	(5,158,172)
Balance as of December 31, 2015	41,084,279	\$41,084	-	-	\$ (5,000)	\$21,160,997	\$ (17,052,797)	\$ (452,458)	\$ 3,691,826

- (1) Stock issued for rights to two partially-completed television series "World Star" and "Making of a Saint: The Journey to Sainthood"
- (2) Stock issued for acquisition of AMG Energy Group, LLC

The accompanying notes are an integral part of these consolidated financial statements

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Alliance BioEnergy Plus, Inc.
CONSOLIDATED STATEMENTS OF CASH FLOWS

	For The Year Ended December 31, 2015	For The Year Ended December 31, 2014
Cash flows from operating activities		
Net loss from continuing operations	(5,826,441)	(8,035,030)
Net loss from discontinued operations	668,269	(1,902,530)
Net loss	\$ (5,158,172)	\$ (9,937,560)
Reconciliation of net loss to net cash used in operating activities		
Depreciation and amortization	233,758	13,042
Accrued interest on convertible debentures	185,812	-
Beneficial conversion feature	125,861	-
Stock based compensation for services	676,525	6,027,587
Issuance of warrants for services	1,669,006	23,237
Stock based compensation awarded under employee, director plan	240,000	-
Issuance of options under employee, director plan	625,575	-
Equity loss in an unconsolidated affiliate	180,354	208,113
Changes in operating assets and liabilities		
Prepaid expenses	55,829	(181,158)
Accounts payable and accrued liabilities	98,173	(14,494)
Net cash (used in) operating activities – continuing operations	(1,735,548)	(1,958,703)
Changes in discontinued operations assets and liabilities		
Accounts payable and accrued liabilities	(1,656)	60,925
Asset Impairment	-	924,040
Legal settlement relating to an acquisition	(700,000)	-
Net cash (used in) operating activities – discontinued operations	(33,387)	(917,565)
Net cash (used in) operating activities	(1,768,935)	(2,876,268)
Cash flows from investing activities		
Purchase of property and equipment	(214,225)	(138,864)
Security deposit	(11,687)	(4,278)
Capitalized fees	(202,021)	-
Investment in and advance to an unconsolidated affiliate	(115,941)	(246,227)
Net cash (used in) investing activities – continuing operations	(543,874)	(389,369)
Net cash (used in) investing activities – discontinued operations	-	-
Net cash (used in) investing activities	(543,874)	(389,369)
Cash flows from financing activities		
Debt payment relating to an acquisition	-	(168,742)
Proceeds from short-term note payable – related party	10,290	-
Proceeds from short-term note payable – other	265,000	-
Proceeds from long-term note payable – other	-	1,250,000
Net proceeds from issuance of common stock	1,162,209	2,402,180
Proceeds from issuance of convertible debt	1,296,000	-
Repayment of convertible debt	(310,283)	(20,000)
Repayment of short-term note payable – related party	(10,290)	-
Payment of accrued interest	(32)	-
Deferred financing costs	(244,000)	-

Net cash provided by financing activities – continuing operations	2,168,894	3,463,438
Net cash (used in) financing activities – discontinued operations		(40,800)
Net cash provided by financing activities	2,168,894	3,422,638
Net (decrease) increase in cash and cash equivalents	(143,915)	157,001
Cash and cash equivalent at beginning of the period	205,969	48,968
Cash and cash equivalent at end of the period	62,054	205,969
Supplemental disclosure of cash flow information		
Cash paid during the period for		
Interest	\$ 59,527	\$
Taxes		
Supplemental schedule of non-cash activities		
Conversion of convertible debenture to common stock	\$ 90,000	\$ 50,000
Conversion of Interest to Common Stock		7,863
Common stock issued for investment in Carbolosic		199,500
Issuance of warrants for future services		255,612
Common stock (returned) issued recorded for prepaid expense		(1,500,000)
Reversal of common stock issued for investment in discontinued operations		(14,024)
Common stock issued for future services	178,875	-
Warrants issued for future services	405,692	-
Rescinded warrants for future services	(255,612)	-

The accompanying notes are an integral part of these consolidated financial statements

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Alliance BioEnergy Plus, Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 – ORGANIZATION

Alliance Bioenergy Plus, Inc (the “Company”) is a technology company focused on emerging technologies in the renewable energy, biofuels and new technologies sectors. From inception through December 5, 2014, the Company was known as Alliance Media Group Holdings, Inc. At inception (March 28, 2012), the Company was organized as a vehicle to engage in the commercial production, distribution and exploitation of Motion Pictures and other Entertainment products. However, in December 2013, a wholly owned subsidiary of the Company, AMG Renewables, LLC (“AMG Renewables”), acquired the controlling interest (51%) in AMG Energy Group, LLC (“AMG Energy”), which owns a fifty percent (50%) interest of Carbolosic, LLC (“Carbolosic”), which holds an exclusive worldwide license to the University of Central Florida’s patented technology (U.S. Patent 8,062,428) known as “CTSTM”. The CTS technology is a mechanical/chemical, dry process for converting cellulose material into sugar for use in the biofuels industry as well as other fine chemical manufacturing. The Company’s goal in acquiring the interest in AMG Energy is to develop the CTS technology to a commercial scale and then seek to license the technology to prospective licensees. In September 2014, the Company determined to focus all of the Company’s resources and personnel on the Company’s renewable energy holdings and future energy technologies and to divest the Company of its entertainment-related assets and subsidiaries. The principal reason for such action was the recognition that the Company’s entertainment-related assets were generating substantial losses and contributing little value compared to the potential management saw in the energy-related activities and to provide a clear focus and direction to the Company moving forward. The Company therefore determined at that time to divest and sell off, close down or discontinue the operations of its entertainment-related subsidiaries. Subsequently, the Company determined that the name Alliance Media Group Holdings, Inc. was no longer relevant to the new business direction of the Company and, effective December 5, 2014, amended the Company’s Articles of Incorporation to change the name of the Company to Alliance Bioenergy Plus, Inc., which is more appropriately descriptive of the new business direction of the Company.

Plan of Operation

The Company is focused on one industry – Renewable Energy. Through its wholly-owned subsidiaries, AMG Renewables, LLC and Carbolosic Plant 1, LLC, which in turn owns controlling interests in AMG Energy Group, LLC, and Ek Laboratories, Inc., the Company has a strategy that includes growth in its energy-related activities as well as mergers and acquisitions and start-up activities which are focused on development of an increasing revenue stream, secure market share and enhancement of shareholder value.

AMG RENEWABLES, LLC

AMG Renewables, LLC, a Florida limited liability company (“AMG Renewables”), is a wholly-owned subsidiary of the Company, created for the purpose of managing and developing the Company’s renewable energy technology enterprises. AMG Renewables has one wholly-owned subsidiary, Carbolosic Plant 1, LLC, a Florida limited liability company (“Carbolosic Plant 1”), and two majority owned subsidiaries, AMG Energy Group, LLC, a Florida limited liability company (“AMG Energy”) and Ek Laboratories, Inc., a Florida corporation (“EK”) formerly known as Central Florida Institute of Science and Technology, Inc.

- On December 26, 2013, AMG Renewables acquired the controlling interest (51%) in AMG Energy Group from certain related parties for a consideration comprising \$2,200,000 cash and delivery of 7,266,000 shares of Company Common Stock. In connection with the transaction, an amount which the Company owed to AMG Energy (\$214,894) for various loans and consulting fees was eliminated in the acquisition. On December 26, 2013, 7,000,000 shares of Company common stock were delivered to AMG Energy Solutions, Inc. (a related party) and the remaining 266,000 shares of Company common stock were delivered on June 18, 2014 to Wellington Asset Holdings, Inc. As of September 30, 2015, the Company has paid \$168,742 of the \$2,200,000 cash payable on account of this transaction, and as of such date, the Company has not paid the remaining amount, which amount has been recorded on the books of the Company as a related party payable relating to an acquisition.
- AMG Energy owns a fifty percent (50%) interest of Carbolosic, LLC, a Delaware limited liability company (“Carbolosic”), which holds an exclusive worldwide license to the University of Central Florida’s patented technology (U.S. Patent 8,062,428) known as “CTSTM”. The CTS technology is a mechanical/chemical, dry process for converting cellulose material into sugar for use in the biofuels industry as well as other fine chemical manufacturing. The Company’s goal is to develop this CTS technology to a commercial scale and then seek to license the technology to prospective licensees.

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On May 13, 2015, AMG Energy entered into a series of agreements with various unrelated third parties, wherein AMG Energy sublicensed the CTS technology to Naldogen (Pty) Ltd., an existing South African company, which will be renamed Carbolosic Energy SA PTY LTD ("Carbolosic SA"). Carbolosic SA shall be solely devoted to exploitation of the CTS technology in South Africa, Lesotho, Swaziland and Botswana and the term of the sublicense is coterminous with the master license (i.e. through July 1, 2032). The consideration for the grant of the sublicense is \$25,000,000 ("License Fee"), which must be paid or guaranteed by March 1, 2016. In addition to the license fee, the sublicense holder will pay AMG Energy a royalty of 3.5% of the revenues on the first CTS plant developed and a 5.0% royalty on the revenues of additional plants developed. Until the \$25,000,000 payment has been received, the Company does not consider all of the events required under the agreement to have been completed. Therefore the Company has not recorded and of the fee in the accompanying financial statements.

Contemporaneously, Carbolosic SA's shareholders entered into an agreement whereby, among other matters, it was agreed that ownership of Carbolosic SA shall be 43.5% for Tes Projects (Pty) Ltd, a South African company ("Tes"), 24.5% for Spearhead Capital Ltd, a Seychelles company ("Spearhead"), 7.5% for Jupiter Trust, a South African Trust ("Jupiter") and 24.5% for Alliance BioEnergy Plus, Inc. TES, Spearhead and Jupiter are all unrelated to the Company. The interests of Tes and Jupiter are delivered in consideration of the funding or guarantee of funding of the License Fee; Spearhead's interest is in consideration of facilitating the Sublicense transaction; and the Company's interest is in exchange for the delivery to Carbolosic SA of a 24.5% interest in one of the Company's CTS sugar extracting plants to be developed in the United States.

In February 2016, due to economic and political turmoil in South Africa, members of Tes Projects (Pty) Ltd and Jupiter Trust resigned from management and from the Board of Carbolosic SA and returned all ownership interest in Carbolosic SA to the Carbolosic SA treasury. Spearhead Capital intends to continue operations of Carbolosic SA but at this time there is no guarantee that they will be successful in securing the needed funds or contracts to do so. The Company will evaluate its position in Africa in the coming months and decide on a path forward.

- Carbolosic Plant 1 was created in October 2014 for the purpose of being a full scale facility for converting cellulose material into sugar for use in the biofuels industry as well as other fine chemical manufacturing located in Palm Beach County, FL. In March 2016, Carbolosic Plant 1 was sold to Carbolosic Energy 1, LLLP, a non-related third party, in exchange for satisfaction of the outstanding \$1,250,000 loan between Carbolosic Plant 1 and Carbolosic Energy 1, LLLP.
- EK, was created in December 2014 under the name Central Florida Institute of Science and Technology, Inc. and changed its name to Ek Laboratories, Inc. on June 05, 2015. EK was formed as a wholly owned subsidiary of AMG Energy, to serve as a demonstration and research facility to further develop the CTS process, its uses, and develop new technologies.

The Company believes that its management and consultants have significant experience in the bio-fuels, renewable energy and chemical manufacturing industries. As of this date, the Company has not generated any revenues from its renewable energy business.

NOTE 2 – GOING CONCERN

The accompanying consolidated financial statements have been prepared in conformity with generally accepted accounting principles, which contemplate continuation of the Company as a going concern, which assumes the Company will realize its assets and discharge its liabilities in the normal course of business. The Company has not generated any revenue, has incurred losses since inception, has a working capital deficiency of \$3,022,760 and may be unable to raise further equity. At December 31, 2015 the Company had incurred accumulated losses of \$17,052,797 since its inception. The Company expects to incur significant additional liabilities in connection with its start-up activities. The Company's ability to continue as a going concern is dependent upon its ability to obtain the necessary financing to meet its obligations and repay its liabilities when they become due and to generate sufficient revenues from its operations to pay its operating expenses.

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These Financial Statements do not include any adjustments related to the recoverability and classifications of recorded asset amounts, or amounts and classifications of liabilities that might result from this uncertainty. There are no assurances that the Company will continue as a going concern.

Management believes that the Company's future success is dependent upon its ability to achieve profitable operations, generate cash from operating activities and obtain additional financing. There is no assurance that the Company will be able to generate sufficient cash from operations, sell additional shares of stock or borrow additional funds. The Company's inability to obtain additional cash could have a material adverse effect on its financial position, results of operations, and its ability to continue in existence. These financial statements do not include any adjustments that might result from the outcome of this uncertainty.

The Company intends to raise additional capital, sell licenses to its CTS technology and continue constructing its full scale demonstration facility which, once operational, is expected to generate cash flow in amounts sufficient to cover the Company's operating expenses and debt service.

The Company raised \$2,402,180 for the year ended December 31, 2014 and an additional \$1,162,209 in the year ended December 31, 2015.

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying consolidated financial statements of the Company were prepared in accordance with generally accepted accounting principles in the U.S. ("U.S. GAAP") and include the assets, liabilities, revenues and expenses of the Company's majority-owned subsidiaries over which the Company exercises control. Intercompany transactions and balances were eliminated in consolidation.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the Company and its subsidiaries, after elimination of intercompany accounts and transactions. Investments in business entities in which the Company lacks control but has the ability to exercise significant influence over operating and financial policies are accounted for using the equity method. The Company's proportionate share of net income or loss of the entity is recorded in the Consolidated Statements of Operations.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the dates presented and reported amounts of revenues and expenses during the reporting periods presented. Significant estimates inherent in the preparation of the accompanying Consolidated Financial Statements include estimates of impairment assessment of identifiable intangible assets and valuation allowance for deferred tax assets. Estimates are based on past experience and other considerations reasonable under the circumstances. Actual results may differ from these estimates.

Cash and Cash Equivalents

All highly liquid investments with maturities of three months or less at the date of purchase are considered to be cash equivalents.

Stock Compensation

The Company recognizes the cost of all share-based payments under the relevant authoritative accounting guidance. Share-based payments include any remuneration paid by the Company in shares of the Company's common stock or financial instruments that grant the recipient the right to acquire shares of the Company's common stock. For share-based payments to employees, which consist only of awards made under the stock option plan described below, the Company accounts for the payments in accordance with the provisions of ASC Topic 718, "Stock Compensation" (formerly referred to as SFAS No. 123(R)). Share-based payments to consultants, service providers and other non-employees are accounted for in accordance with ASC Topic 718, ASC Topic 505, "Equity Payments to Non-Employees" or other applicable authoritative guidance.

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Stock-based Compensation Valuation Methodology

Stock-based compensation resulting from the issuance of common stock is calculated by reference to the valuation of the stock on the date of issuance, the expense being recognized as the compensation is earned. Stock-based compensation expenses related to employee options and warrants granted to non-employees are recognized as the stock options and warrants are earned. The fair value of the stock options or warrants granted is estimated at the grant date, using the Black-Scholes option pricing model, and the expense is recognized on a straight-line basis over the shorter of the period over which services are to be received or the life of the option or warrant. The grant date fair value of employee share options and similar instruments is estimated using the Black-Scholes option pricing model on the basis of the fair value of the underlying common stock on the measurement date, adjusted for the unique characteristics of those equity instruments, using the assumptions noted in the table below. The fair value of the common stock is determined by the then-prevailing closing market price. Expected volatility was based on the historical volatility of the Company's closing day market price per share. The expected term of options and warrants was based upon the life of the option, and the risk-free rate used was based on the U.S. Treasury Daily Yield Curve Rate.

The stock compensation issued for services during the year ended December 31, was valued on the date of issuance. The following assumptions were used in calculations of the Black-Scholes option pricing models for warrant-based stock compensation issued in the year ended December 31, 2015:

	3/3	4/16	5/26	5/27	6/15	6/30	7/14	7/27	8/1
Risk-free interest rate	1.09%	1.90%	1.54%	1.00%	1.10%	1.63%	1.67%	1.58%	1.54%
Expected life	3 years	10 years	5 years	3 years	3 years	5 years	5 years	5 years	5 years
Expected dividends	0%	0%	0%	0%	0%	0%	0%	0%	0%
Expected volatility	194.75%	193.54%	198.16%	198.28%	195.81%	193.88%	193.13%	191.57%	190.59%
ALLM common stock fair value	\$0.44	\$0.18	\$0.72	\$0.62	\$0.78	\$0.55	\$0.47	\$0.47	\$0.49

	8/6	9/1	9/8	9/11	9/30	10/1	11/1	12/1	12/11	12/31
Risk-free interest rate	1.62%	1.49%	1.53%	1.52%	1.37%	1.37%	1.52%	1.59%	1.25%	1.76%
Expected life	5 years	5 years	5 years	5 years	5 years	5 years	5 years	5 years	3 years	5 years
Expected dividends	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Expected volatility	190.20%	187.53%	186.60%	186.00%	184.54%	184.33%	180.71%	177.74%	177.10%	175.11%
ALLM common stock fair value	\$0.49	\$0.41	\$0.40	\$0.37	\$0.47	\$0.48	\$0.49	\$0.40	\$0.39	\$0.30

Accounting and Reporting of Discontinued Operations

As required by the FASB ASC Subtopic 205.20, per ASU 2014-08, Discontinued Operations, a component of an entity or a group of components of an entity, or a business or nonprofit activity can be classified as discontinued operations if the disposal represents a strategic shift that has (or will have) a major effect on an entity's operations and financial results when any of the following occurs: (i) the criteria in paragraph 205.20.45.1E to be classified as held for sale is met (ii) the component is disposed of by sale, or (iii) the component is disposed of other than by sale in accordance with paragraph 360.10.45.15 (for example, by abandonment or in a distribution to owners in a spinoff). Certain components to be disposed of other than by sale shall continue to be classified as "held and used" until it is disposed of, per the requirements of ASC Subtopic 360.10. Depreciation on these assets ceases upon their classification as "held and used." The Company adopted ASU No. 2014-08 effective September 1, 2014.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. Depreciation is provided for on a straight-line basis over the useful lives of the assets, generally 5 to 7 years. Expenditures for additions and improvements are capitalized; repairs and maintenance are expensed as incurred.

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Convertible Instruments

The Company evaluates and account for conversion options embedded in convertible instruments in accordance with ASC 815 "Derivatives and Hedging Activities".

Applicable GAAP requires companies to bifurcate conversion options from their host instruments and account for them as free standing derivative financial instruments according to certain criteria. The criteria include circumstances in which (a) the economic characteristics and risks of the embedded derivative instrument are not clearly and closely related to the economic characteristics and risks of the host contract, (b) the hybrid instrument that embodies both the embedded derivative instrument and the host contract is not re-measured at fair value under other GAAP with changes in fair value reported in earnings as they occur and (c) a separate instrument with the same terms as the embedded derivative instrument would be considered a derivative instrument.

The Company accounts for convertible instruments (when we have determined that the embedded conversion options should not be bifurcated from their host instruments) as follows: The Company records when necessary, discounts to convertible notes for the intrinsic value of conversion options embedded in debt instruments based upon the differences between the fair value of the underlying common stock at the commitment date of the note transaction and the effective conversion price embedded in the note. Debt discounts under these arrangements are amortized over the term of the related debt to their stated date of redemption.

Common Stock Purchase Warrants and Other Derivative Financial Instruments

The Company classifies as equity any contracts that require physical settlement or net-share settlement or provide it with a choice of net-cash settlement or settlement in the Company's own shares (physical settlement or net-share settlement) provided that such contracts are indexed to its own stock as defined in ASC 815-40 ("Contracts in Entity's Own Equity"). The Company classifies as assets or liabilities any contracts that require net-cash settlement (including a requirement to net cash settle the contract if an event occurs and if that event is outside the Company's control) or give the counterparty a choice of net-cash settlement or settlement in shares (physical settlement or net-share settlement). The Company assesses the classification of its common stock purchase warrants and other free-standing derivatives at each reporting date to determine whether a change in classification between assets and liabilities is required.

Non-controlling interest in consolidated subsidiaries

The accompanying consolidated financial statements include the accounts of Alliance BioEnergy Plus, Inc. and those subsidiaries that the Company has the ability to control either through voting rights or means other than voting rights. For these subsidiaries, the Company records 100% of the revenues, expenses, cash flows, assets and liabilities in its consolidated financial statements. For subsidiaries that the Company controls but hold less than 100% ownership, a non-controlling interest is recorded in the consolidated income statement to reflect the non-controlling interest's share of the net income (loss), and a non-controlling interest is recorded in the consolidated balance sheet to reflect the non-controlling interest's share of the net assets of the subsidiary.

Investments in non-consolidated affiliates

Investments in non-consolidated affiliates are accounted for using the equity method or cost basis depending upon the level of ownership and/or the Company's ability to exercise significant influence over the operating and financial policies of the investee. When the equity method is used, investments are recorded at original cost and adjusted periodically to recognize the Company's proportionate share of the investees' net income or losses after the date of investment. When net losses from an investment are accounted for under the equity method exceed its carrying amount, the investment balance is reduced to zero and additional losses are not provided for. The Company resumes accounting for the investment under the equity method if the entity subsequently reports net income and the Company's share of that net income exceeds the share of net losses not recognized during the period the equity method was suspended. Investments are written down only when there is clear evidence that a decline in value that is other than temporary has occurred.

The Company's investment in Carbolosic, LLC is accounted for using the equity method of accounting. The Company monitors its investment for impairment at least annually and make appropriate reductions in the carrying value if it determines that an impairment charge is required based on qualitative and quantitative information.

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Impairment of Long Lived Assets

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset group may not be recoverable. If events or changes in circumstances indicate that the carrying amount of an asset group may not be recoverable, the Company compares the carrying amount of the asset group to future undiscounted net cash flows, excluding interest costs, expected to be generated by the asset group and their ultimate disposition. If the sum of the undiscounted cash flows is less than the carrying value, the impairment to be recognized is measured by the amount by which the carrying amount of the asset group exceeds the fair value of the asset group. Assets to be disposed of are reported at the lower of the carrying amount or fair value, less costs to sell.

Income Taxes

The Company uses the asset and liability method of accounting for income taxes in accordance with ASC Topic 740, "Income Taxes." Under this method, income tax expense is recognized for the amount of: (i) taxes payable or refundable for the current year and (ii) deferred tax consequences of temporary differences resulting from matters that have been recognized in an entity's financial statements or tax returns. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the results of operations in the period that includes the enactment date. A valuation allowance is provided to reduce the deferred tax assets reported if based on the weight of the available positive and negative evidence, it is more likely than not some portion or all of the deferred tax assets will not be realized.

ASC Topic 740.10.30 clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements and prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. ASC Topic 740.10.40 provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. The Company has no material uncertain tax positions for any of the reporting periods presented.

Profit (Loss) per Common Share:

Basic profit (loss) per share amounts have been calculated using the weighted-average number of common shares outstanding during each reporting period. Diluted loss per share has been calculated using the weighted-average number of common shares plus the potentially dilutive effect of securities such as outstanding options and warrants. The computation of potential common shares has been performed using the treasury stock method. The warrants and options are antidilutive for all periods presented. When net loss is reported, diluted and basic net loss per share amounts are the same as the impact of potential common shares is antidilutive.

Fair Value Measurements

The Company adopted the provisions of ASC Topic 820, "Fair Value Measurements and Disclosures", which defines fair value as used in numerous accounting pronouncements, establishes a framework for measuring fair value and expands disclosure of fair value measurements.

The estimated fair value of certain financial instruments, payables to related parties, and accounts payable and accrued expenses are carried at historical cost basis, which approximates their fair values because of the short-term nature of these instruments.

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ASC 820 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. ASC 820 also establishes a fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. ASC 820 describes three levels of inputs that may be used to measure fair value:

Level 1 — quoted prices in active markets for identical assets or liabilities

Level 2 — quoted prices for similar assets and liabilities in active markets or inputs that are observable

Level 3 — inputs that are unobservable (for example cash flow modeling inputs based on assumptions)

Recent Accounting Pronouncements

From time to time, new accounting pronouncements are issued by the Financial Accounting Standards Board or other standard setting bodies that may have an impact on the Company's accounting and reporting. The Company believes that such recently issued accounting pronouncements and other authoritative guidance for which the effective date is in the future either will not have an impact on its accounting or reporting or that such impact will not be material to its financial position, results of operations, and cash flows when implemented.

NOTE 4 – INVESTMENT IN UNCONSOLIDATED AFFILIATES

On December 26, 2013, AMG Renewables, LLC, a Florida limited liability company ("AMG Renewables"), a wholly-owned subsidiary of the Company, acquired the controlling interest (51%) in AMG Energy Group, LLC a Florida limited liability company ("AMG Energy") from certain related parties. AMG Energy owns a fifty percent (50%) interest of Carbolosic, LLC, a Delaware limited liability company ("Carbolosic"), which holds an exclusive worldwide license to the University of Central Florida's patented technology (U.S. Patent 8,062,428) known as "CTSTM". The CTS technology is a mechanical/chemical, dry process for converting cellulose material into sugar for use in the biofuels industry as well as other fine chemical manufacturing. The results of AMG Renewables and AMG Energy are consolidated in the Company's financial statements. AMG Energy's investment in Carbolosic is accounted for using the equity method of accounting.

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On May 13, 2015, The Company entered an agreement with Carbolosic SA's shareholders whereby, among other matters, it was agreed that ownership of Carbolosic SA shall be 43.5% for Tes Projects (Pty) Ltd, a South African company ("Tes"), 24.5% for Spearhead Capital Ltd, a Seychelles company ("Spearhead"), 7.5% for Jupiter Trust, a South African Trust ("Jupiter") and 24.5% for Alliance BioEnergy Plus, Inc. TES, Spearhead and Jupiter are all unrelated to the Company. The interests of Tes and Jupiter are delivered in consideration of the funding or guarantee of funding of the License Fee; Spearhead's interest is in consideration of facilitating the Sublicense transaction; and the Company's interest is in exchange for the delivery to Carbolosic SA of a 24.5% interest in one of the Company's CTS sugar extracting plants to be developed in the United States. The Company's investment in Carbolosic SA is accounted for using the equity method of accounting.

The following is a condensed balance sheet and statement of operations of the unconsolidated affiliates as of December 31, 2015 and 2014.

Condensed Balance Sheet of Non-Consolidated Affiliates

	<u>December 31, 2015</u>	<u>December 31, 2014</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 83	\$ 1,000
TOTAL ASSETS	<u>\$ 83</u>	<u>\$ 1,000</u>
LIABILITIES AND STOCKHOLDERS EQUITY		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 238,399	\$ 35,000
Interest payable	12,864	1,218
Current notes payable	539,189	381,008
TOTAL CURRENT LIABILITIES	<u>790,452</u>	<u>417,226</u>
STOCKHOLDERS EQUITY		
Accumulated deficit	(790,369)	(416,226)
TOTAL EQUITY	<u>(790,369)</u>	<u>(416,226)</u>
TOTAL LIABILITIES AND STOCKHOLDERS EQUITY	<u>\$ 83</u>	<u>\$ 1,000</u>

Condensed Statement of Operations of Non-Consolidated Affiliates

	<u>For The Year Ended December 31, 2015</u>	<u>For The Year Ended December 31, 2014</u>
Revenues	\$ -	\$ -
Operating Expenses		
Royalties	47,500	35,000
Legal fees	107,959	377,330
General and administrative	207,038	2,678
Total operating expenses	<u>(362,497)</u>	<u>(415,008)</u>
Other expenses		
Interest expense	11,646	1,218
Total other expenses	<u>(11,646)</u>	<u>(1,218)</u>
Loss from operations	<u>\$ (374,143)</u>	<u>\$ (416,226)</u>

NOTE 5 – DEBT*Short Term Notes Payable—Related Parties*

Throughout 2013, the Company issued unsecured short-term notes payable to various related parties, including officers and directors of the Company, with a term of one year, which have since been extended. At December 31, 2015, there was one consolidated note outstanding to Palm Beach Energy Solutions, LLC. The note has an outstanding principal balance of \$71,000 and bears interest at a rate of 5% per annum. As of December 31, 2015 and December 31, 2014, the total interest accrued on the note was \$9,036 and \$5,486 respectively.

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In November 2015, the Company issued a short-term, unsecured note payable to a shareholder of the company. The principal amount of the note was \$10,290, accrued interest at 5% per annum and had a term of one-year. On December 8, 2015, the note was paid in full along with \$32 in interest.

Short Term Notes Payable – Other

On July 7, 2015, the Company entered into a six month (6) promissory note with St. George Investments, LLC with a face amount of \$265,000 less an original issue discount of \$65,000. This note does not accrue interest; however if the note is paid back within the first ninety (90) days, then \$235,000 is due; if the note is paid back between day ninety-one (91) and one hundred thirty-five (135) then \$250,000 is due; between day one hundred thirty-six (136) and one hundred eighty (180) the full balance of \$265,000 is due. In the event of default, the note shall bear interest at the lesser of the rate of eighteen percent (18%) per annum or the maximum rate permitted by law compounding daily. In addition, a ten percent (10%) broker commission was paid to Wellington Shields & Co. LLC, which is being amortized over the life of the note. In January 2016, the company repaid this note in full. The total amount paid was \$306,890, which represented a \$265,000 principal balance and \$41,890 in default interest and penalties.

Long Term Notes Payable – Other

During the year ended December 31, 2014, Carbolosic Plant 1, LLC, a wholly owned subsidiary, entered into an agreement with Carbolosic Energy 1, LLLP to begin receiving long term loans, pursuant to the U.S. EB-5 Immigrant Investor Program, to develop a CTS demonstration facility. These loans are to be issued in multiple advances, each in an amount greater than or equal to \$500,000 up to the target loan amount of \$33,000,000. The initial term on each of these loans is five (5) years from the date of each advance and bear interest at a rate of 4.31% per annum. The Company can earn a 0.51% rate discount if the first five years of interest due to lender is paid within 15 days of each advance. In addition, these loans may not be prepaid and are secured by all assets of the Company. As of December 31, 2014, the Company had received two (2) long term notes payable, with a combined principal balance of \$1,250,000 and did not receive any notes during the year ended December 31, 2015. The company has taken advantage of the 0.51% rate discount on one of these notes payable, with a principal amount of \$500,000, and issued a \$95,000 interest payment to the Lender on December 9, 2014. As of December 31, 2015 and December 31, 2014, the remaining prepaid interest relating to this advance was \$73,189 and \$92,189 respectively. In January 2015, the Company made a \$4,162 interest payment towards the second note. As of December 31, 2015 and December 31, 2014 the total accrued interest on the second note was \$29,580 and \$1,417 respectively. In March 2016, Carbolosic Plant 1 was sold to Carbolosic Energy 1, LLLP in exchange for satisfaction of the outstanding \$1,250,000 loan and accrued interest.

Convertible Debt

On January 23, 2015, the Company entered into a convertible debenture with KBM Worldwide, Inc. with a principal balance of \$89,000 due and payable on or before October 29, 2015. Thereafter, On February 26, 2015, the Company entered into a second convertible debenture with Vis Vires Group, Inc. with a principal balance of \$54,000 due and payable on or before December 3, 2015 and again on May 6, 2015 the company entered into another convertible debenture with Vis Vires Group, Inc. with a principal balance of \$64,000 due and payable on or before February 8, 2016. Each of the notes accrue interest at a rate of eight percent (8.0%) per annum and are convertible into the Company's common stock, after 180 days, in whole or in part at the option of the holder at a conversion rate equal to the average of the three (3) lowest trading day prices during the ten (10) trading days preceding the conversion date, less a thirty-nine percent (39%) discount. Each of the notes also carries a prepayment penalty, increasing every 30 days from one hundred ten percent (110%) to one hundred thirty-five percent (135%) of the then outstanding principal and interest balance due, if the notes are paid back within the first one hundred eighty (180) days. After the first 180 days, the then outstanding principal and interest balance shall bear interest at a rate of twenty-two percent (22.0%) per annum and cannot be paid until maturity. On July 27, 2015, the Company repaid its January 23, 2015 convertible debenture held by KBM Worldwide, Inc. The total amount paid was \$123,642, which represented an \$89,000 principal balance and \$34,642 in interest and penalties. On August 7, 2015 the Company repaid its February 26, 2015 convertible debenture held by Vires Group, Inc. The total amount paid was \$74,723, which represented a \$54,000 principal balance and \$20,723 in interest and penalties. On November 2, 2015 the Company repaid its May 6, 2015 convertible debenture held by Vis Vires Group, Inc. The total amount paid was \$88,757, which represented a \$64,000 principal balance and \$24,757 in interest and penalties.

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On June 30, 2015, the Company entered into a convertible debenture with Iconic Holdings, LLC with a principal balance of \$165,000 due on or before June 30, 2016. This note provides for “guaranteed” interest of ten percent (10.0%) of the principal balance outstanding. In addition to the “guaranteed” interest, in the event of default additional interest will accrue at the rate equal to the lower of eighteen percent (18.0%) per annum or the highest rate permitted by law. This note can only be prepaid within the first 180 days along with a prepayment penalty of one hundred ten percent (110%) and increasing ten percent (10%) every sixty (60) days to a maximum of one hundred thirty percent (130%). After 180 days, the note can be converted into the Company’s common stock at a conversion rate equal to sixty percent (60%) of the lowest trading price during the preceding 15 consecutive trading days prior to date of conversion. In addition, in order to obtain this note, the Company issued Iconic Holdings, LLC a five (5) year common stock purchase warrant agreement for up to 50,000 shares with an exercise price of \$0.75 per share. These warrants are fully granted and vested at time of issuance and are being amortized over the life of the agreement. As of December 31, 2015, the total accrued interest on the note was \$16,775. In January 2016, Iconic Holdings, LLC converted \$95,000 of the principal balance into 891,042 shares of unrestricted common stock and the remaining balance of the note was repaid in full. The total amount paid was \$140,950, which represented a \$70,000 principal payment and \$70,950 in interest and penalties.

On July 10, 2015, the Company entered into a convertible debenture with JSJ Investments, Inc with a principal balance of \$150,000 due on or before January 10, 2016. The note accrues interest at a rate of twelve percent (12%) per annum and is convertible into the Company’s common stock one hundred eighty (180) days after the maturity date, in whole or in part at the option of the holder at a conversion price equal to the lower of \$0.24 or the lowest trading day price during the twenty (20) trading days preceding the conversion date, less a forty-five percent (45%) discount. The note also carries a payment premium, wherein if the note is paid before the ninetieth (90) day, then a premium of one hundred thirty percent (130%) in addition to outstanding interest is due. If paid between day ninety-one (91) and one hundred twenty (120) the premium increases to one hundred forty percent (140%) and if paid between day one hundred twenty-one and the maturity date, then the premium increases to one hundred forty-five percent (145%). After the maturity date, the note cannot be repaid without the holder’s consent and the payment premium increases to one hundred fifty percent (150%). Upon and event of default or after the maturity date, the interest rate shall adjust to eighteen percent (18%) per annum and compound quarterly. In addition, a ten percent (10%) broker commission was paid to Wellington Shields & Co. LLC, which is being amortized over the life of the note. As of December 31, 2015, the total accrued interest on the note was \$8,581. This note was not repaid at maturity and is in default, however it cannot be converted until 180 days after the maturity date.

On July 10, 2015 the Company entered into a secured convertible debenture with Group 10 Holdings, LLC with a principal balance of \$275,000, less a ten percent (10%) original issue discount and is due on or before July 10, 2016. Group 10 Holdings, LLC was granted a security interest in the South African agreement sub-licensed by AMG Energy Group. This note accrues interest at a rate of twelve percent (12%) per annum and is convertible into the Company common stock one hundred eighty (180) days after the issuance date in whole or in part at the option of the holder at a conversion price equal to forty-two cents (\$0.42); provided, however, that if the closing price is less than forty cents (\$0.40) for any three (3) consecutive trading days, then the conversion price shall adjust to the lowest trading day price during the thirty-five (35) trading days prior, less a forty-five percent (45%) discount. Repayment of the note includes a prepayment penalty if the note is paid back within the first one hundred eighty (180) days and cannot be repaid after day one hundred eighty (180) without the holders consent. The prepayment penalty if paid back within the first ninety (90) days is equal to one hundred five percent (105%) of the principal balance; paid between day ninety-one (91) and day one hundred twenty (120) the prepayment penalty is equal to one hundred fifteen percent (115%) of the principal balance; paid between day one hundred twenty-one (121) and day one hundred seventy-nine (179) the prepayment penalty increases to one hundred twenty-five percent (125%) of the principal balance. In addition, a ten percent (10%) broker commission was paid to Wellington Shields & Co. LLC, which is being amortized over the life of the note. As of December 31, 2015, the total accrued interest on the note was \$15,460. On January 13, 2016, Group 10 Holdings, LLC converted \$20,000 of its principal balance into 157,418 shares of unrestricted common stock. On January 20, 2016, the Company satisfied the debenture in full with a payment of \$340,468, which represented a \$255,000 principal payments and \$85,068 in interest and penalties.

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On July 27, 2015, the Company entered into a convertible debenture with Adar Bays, LLC with a principal balance of \$100,000 due on or before March 27, 2016. The note accrues interest at a rate of eight percent (8%) per annum and is convertible into the Company's common stock commencing on the 6 month anniversary of the note, in whole or in part at the option of the holder at a conversion price equal to sixty percent (60%) of the lowest trading day price during the twenty (20) trading days preceding the conversion date. The note also carries a payment premium, wherein if the note is paid before the ninetieth (90) day, then a premium of one hundred thirty-five percent (135%) in addition to outstanding interest is due. If paid between day ninety-one (91) and one hundred fifty-one (151) the premium increases to one hundred forty percent (140%) and if paid between day one hundred fifty-two (152) and the maturity date, then the premium increases to one hundred forty-five percent (145%). After the maturity date, the note cannot be repaid without the holder's consent and the payment premium increases to one hundred fifty percent (150%). Upon and event of default or after the maturity date, the outstanding principal due shall increase by ten percent (10%) and the interest rate shall adjust to twenty-four percent (24%) per annum. In addition, a ten percent (10%) broker commission was paid to Wellington Shields & Co. LLC, which is being amortized over the life of the note. As of December 31, 2105, the total accrued interest on the note was \$3,441. In January 2016, the Company paid the debenture in full with a payment of \$149,022, which represented a \$100,000 principal payment and \$49,022 in interest and penalties.

On July 27, 2015, the Company entered into a convertible debenture with Union Capital, LLC with a principal balance of \$100,000 due on or before March 27, 2016. The note accrues interest at a rate of eight percent (8%) per annum and is convertible into the Company's common stock commencing on the 6 month anniversary of the note, in whole or in part at the option of the holder at a conversion price equal to sixty percent (60%) of the lowest trading day price during the twenty (20) trading days preceding the conversion date. The note also carries a payment premium, wherein if the note is paid before the ninetieth (90) day, then a premium of one hundred thirty-five percent (135%) in addition to outstanding interest is due. If paid between day ninety-one (91) and one hundred fifty-one (151) the premium increases to one hundred forty percent (140%) and if paid between day one hundred fifty-two (152) and the maturity date, then the premium increases to one hundred forty-five percent (145%). After the maturity date, the note cannot be repaid without the holder's consent and the payment premium increases to one hundred fifty percent (150%). Upon and event of default or after the maturity date, the outstanding principal due shall increase by ten percent (10%) and the interest rate shall adjust to twenty-four percent (24%) per annum. In addition, a ten percent (10%) broker commission was paid to Wellington Shields & Co. LLC, which is being amortized over the life of the note. As of December 31, 2105, the total accrued interest on the note was \$3,441. In January 2016, the Company paid the debenture in full with a payment of \$148,748, which represented a \$100,000 principal payment and \$48,748 in interest and penalties.

On July 27, 2015, the Company entered into a convertible debenture with LG Capital Funding, LLC with a principal balance of \$105,000 due on or before March 27, 2016. The note accrues interest at a rate of eight percent (8%) per annum and is convertible into the Company's common stock commencing on the 6 month anniversary of the note, in whole or in part at the option of the holder at a conversion price equal to sixty percent (60%) of the lowest trading day price during the fifteen (15) trading days preceding the conversion date. The note also carries a payment premium, wherein if the note is paid before the ninetieth (90) day, then a premium of one hundred thirty-five percent (135%) in addition to outstanding interest is due. If paid between day ninety-one (91) and one hundred fifty-one (151) the premium increases to one hundred forty percent (140%) and if paid between day one hundred fifty-two (152) and the maturity date, then the premium increases to one hundred forty-five percent (145%). After the maturity date, the note cannot be repaid without the holder's consent and the payment premium increases to one hundred fifty percent (150%). Upon and event of default or after the maturity date, the outstanding principal due shall increase by ten percent (10%) and the interest rate shall adjust to twenty-four percent (24%) per annum. In addition, a ten percent (10%) broker commission was paid to Wellington Shields & Co. LLC, which is being amortized over the life of the note. As of December 31, 2105, the total accrued interest on the note was \$3,613. In January 2016, the Company paid the debenture in full with a payment of \$156,462, which represented a \$105,000 principal payment and \$51,462 in interest and penalties.

On August 10, 2015, the Company entered into a convertible debenture with Vis Vires Group, Inc. with a principal balance of \$104,000 due and payable on or before May 4, 2016. The note accrues interest at a rate of eight percent (8.0%) per annum and is convertible into the Company's common stock, after 180 days, in whole or in part at the option of the holder at a conversion rate equal to the average of the three (3) lowest trading day prices during the ten (10) trading days preceding the conversion date, less a thirty-nine percent (39%) discount. The note also carries a prepayment penalty of one hundred thirty percent (130%) of the then outstanding principal and interest balance due, if the notes are paid back within the first one hundred eighty (180) days. After the first 180 days, the then outstanding principal and interest balance shall bear interest at a rate of twenty-two percent (22.0%) per annum and cannot be paid until maturity. As of December 31, 2105, the total accrued interest on the note was \$3,054. In January 2016, the Company paid the debenture in full with a payment of \$139,303, which represented a \$104,000 principal payment and \$35,303 in interest and penalties.

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On October 29, 2015, the Company entered into a thirty (30) day convertible debenture with a shareholder of the Company with a \$90,000 principal balance. The note does not accrue interest and is convertible into 250,000 shares of the Company's common stock if it is not repaid at maturity. On December 8, 2015 the principal balance of \$90,000 was converted into 250,000 shares of the Company's common stock.

NOTE 6 – STOCKHOLDERS' EQUITY

The total number of shares of capital stock, which the Company has authority to issue, is one hundred ten million (110,000,000), one hundred million (100,000,000) of which are designated as common stock at \$0.001 par value (the "Common Stock") and ten million (10,000,000) of which are designated as preferred stock par value \$0.001 (the "Preferred Stock"). As of December 31, 2015, the Company had 41,084,279 shares of Common Stock issued and outstanding and no shares of Preferred Stock were issued. Holders of shares of Common stock shall be entitled to cast one vote for each share held at all stockholders' meetings for all purposes, including the election of directors. The Common Stock does not have cumulative voting rights. No holder of shares of stock of any class shall be entitled as a matter of right to subscribe for or purchase or receive any part of any new or additional issue of shares of stock of any class, or of securities convertible into shares of stock of any class, whether now hereafter authorized or whether issued for money, for consideration other than money, or by way of dividend. The Company has yet to designate any rights, preferences and privileges for any of its authorized Preferred Stock.

In November 2013, the Company commenced an offering of up to 12,000,000 shares of Common Stock at a price of \$0.75 per Share (the "Offering"). In the year ended December 31, 2014 and the three months ended March 31, 2015, the Company had sold 3,203,295 and 0 shares of Common Stock through the Offering for aggregate proceeds of \$2,402,180 and \$0.00, respectively, of which 5,000 is a stock subscription receivable. The Offering was terminated in March 2015.

During the fiscal year ended December 31, 2014, the Company issued an aggregate of 5,689,503 shares of its common stock for services valued at \$6,027,587. Subsequently, in February 2015, 4,000,000 of these shares were returned to the company for rescission by a consultant. In September 2015, 2,000,000 warrants were issued to said consultant as a result of a dispute over the terms of the rescission. 1,000,000 of these warrants have an exercise price of \$0.40 per share and the remaining 1,000,000 warrants have an exercise price of \$0.65 per share and all are for a period of five (5) years. Using a Black-Scholes asset pricing model, this agreement was valued at \$767,705.

During the fiscal year ended December 31, 2014, the Company entered into a common stock purchase warrant agreement with EraStar, Inc. whereby it issued a warrant to purchase 500,000 shares of Common Stock for a period of five (5) years at an exercise price of \$1.00 per share. Using a Black-Scholes asset pricing model, this agreement was valued at \$278,850 and was being amortized over the life of the agreement. In April 2015, the Company received notice that EraStar, Inc. terminated this agreement and returned 100,000 shares of Company common stock for cancellation and also forfeited the warrant agreement to purchase 500,000 shares of common stock, which has a remaining value of 255,612.

In February 2015, the Company commenced a new offering of units valued at eight-five (85%) percent of the average of the last three days closing market share price. Each unit consists of one (1) share of Common Stock, one (1) three-year Series A Warrant convertible to .5 Common Share at an exercise price of \$0.75 and one (1) three-year series B Warrant convertible to .5 Common Share at an exercise price of \$1.50. As of December 31, 2015, the Company has sold 2,460,199 units for aggregate proceeds of \$850,209. The offering is ongoing.

In November 2015, the Company commenced a new offering of units valued at eight-five (85%) percent of the average of the last three days closing market share price. Each unit consists of one (1) share of Common Stock, one (1) three-year Series C Warrant convertible to .5 Common Share at an exercise price of \$0.45 and one (1) three-year series D Warrant convertible to .5 Common Share at an exercise price of \$0.65. As of December 31, 2015, the Company has sold 960,897 units for aggregate proceeds of \$312,000. The offering is ongoing.

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In the year ended December 31, 2015, the Company canceled a net of 997,555 shares of common stock in connection with certain ongoing litigation. 497,555 shares were canceled in connection with a certain acquisition and 500,000 shares issued for services were also canceled.

In the year ended December 31, 2015, the Company issued an aggregate of 1,670,000 shares of its common stock for services valued at \$850,400 and received \$5,000 worth of services for stock subscriptions receivable.

In the year ended December 31, 2015, the Company issued an aggregate of 2,130,000 warrants for services. Using a Black-Scholes asset pricing model, these warrants were valued at \$1,306,993. These warrant agreements have terms ranging from three years (3) to five years (5) with exercise prices ranging from forty cents (\$0.40) to one dollar fifty cents (\$1.50) per share.

In the year ended December 31, 2015, the Company issued an aggregate of 500,000 shares of its common stock valued at \$240,000 in accordance with its 2012 Employee, Director Stock Plan.

In the year ended December 31, 2015, the Company issued options to its independent directors to purchase an aggregate of 425,690 shares of common stock for a period of three (3) years at average exercise price of \$0.45. In addition, the Company also approved employee stock options to purchase 1,875,000 shares of common stock at an average exercise price of \$0.45 and terms ranging from three (3) to ten (10) years. 1,541,666 of these options are vested, with the remaining 333,334 vesting in the first quarter of 2016. Using a Black-Scholes asset pricing model, these agreements were valued at \$625,575.

In the year ended December 31, 2015, a \$90,000 convertible note converted to 250,000 shares of common stock. The company assesses the value of the beneficial conversion feature of its convertible debt by determining the intrinsic value of such conversion, under ASC 470, at the time of issuance. At the time of issuance of the convertible debt instruments set out above, the fair value of the stock was either the same or less than the conversion price, and so there was no value attributable to any beneficial conversion feature.

NOTE 7 – SEGMENT INFORMATION

	December 31,	
	2015	2014
Revenue:		
Alliance BioEnergy Plus, Inc.	\$ -	\$ -
Carbolosic Plant 1, LLC	-	-
AMG Energy Group, LLC	-	-
Central Florida Institute of Science and Technology, Inc.	-	-
Total Revenue	-	-
Net Operating Losses		
Alliance BioEnergy Plus, Inc.	\$ 5,119,008	7,725,009
Carbolosic Plant 1, LLC	66,664	27,281
AMG Energy Group, LLC	221,127	282,652
Central Florida Institute of Science and Technology, Inc.	419,642	88
Total Net Losses	<u>5,826,441</u>	<u>8,035,030</u>
Total Assets:		
Alliance BioEnergy Plus, Inc.	\$ 728,575	447,634
Carbolosic Plant 1, LLC	130,789	279,044
AMG Energy Group, LLC	7,444,581	7,509,002
Central Florida Institute of Science and Technology, Inc.	520,711	86,003
Total Net Assets	<u>8,824,656</u>	<u>8,321,683</u>

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The reconciliation of income tax benefit at the U.S. statutory rate of 34% for the years ended December 31, 2015 and 2014 to the Company's effective tax rate is as follows:

	Years Ended	
	December 31, 2015	December 31, 2014
Statutory federal income tax rate	-34%	-34%
State income tax, net of federal benefits	-6%	-6%
Valuation Allowance	40%	40%
Income tax provision (benefit)	0%	0%

The benefit for income tax is summarized as follows:

	Years Ended	
	December 31, 2015	December 31, 2014
Federal		
Current	\$ -	\$ -
Deferred	(1,647,120)	(3,331,666)
State		
Current	-	-
Deferred	(290,668)	(587,941)
Change in valuation allowance	1,937,788	3,919,607
Income tax provision (benefit)	\$ -	\$ -

The tax effects of temporary differences that give rise to the Company's net deferred tax liability as of December 31, 2015 and 2014 are as follows:

	Years Ended	
	December 31, 2015	December 31, 2014
Deferred tax asset		
Net operating loss carryovers	\$ 6,821,119	\$ 4,883,331
Total deferred tax assets	6,821,119	4,883,331
Valuation Allowance	(6,821,119)	(4,883,331)
Deferred tax asset, net of allowance	\$ -	\$ -

As of December 31, 2015 and 2014, the Company had \$17,052,797 and \$12,208,326 of Federal net operating loss carryovers ("NOLs") which begin to expire in 2033. Utilization of the NOLs may be subject to limitation under the Internal Revenue Code Section 382 should there be a greater than 50% ownership change as determined under regulations.

In assessing the realization of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income and tax planning strategies in making this assessment. Based on the assessment, management has established a full valuation allowance against the entire deferred tax asset relating to NOLs for every period because it is more likely than not that all of the deferred tax asset will not be realized.

The Company files U.S. Federal and Florida tax returns that are subject to audit by tax authorities beginning with the year ended December 31, 2012. The Company's policy is to classify assessments, if any, for tax and related interest and penalties as tax expense.

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The Company is subject, from time to time, to litigation, claims and suits arising in the ordinary course of business.

Leases

In August 2015, the Company renewed its lease for a period of thirty-six (36) months from August 5, 2015 through July 31, 2018. Annual rent commenced at approximately \$48,925 per annum and increases on a year-to-year basis by three percent (3%) over the Base Year. In addition, the Company is obligated to pay an amount equal to 3.76% of the operating expenses of the building together with sales tax on all amounts.

In connection with the renewed lease agreement for the corporate office location, the Company agreed to cancel its lease for additional office space at the same location. This lease period was for fifty-four (54) months from May 1, 2014 through October 31, 2018. The rent commencement date was November 1, 2014 and annual rent commenced at approximately \$51,338 per annum and increased on a year-to-year basis by three percent (3%) over the Base Year.

EK Laboratories leases office and warehouse space in Longwood, FL, which serves as the Company's research and demonstration facility. The lease period is for thirty-six (36) months from February 1, 2015 through January 31, 2018. Annual rent commences at approximately \$70,620 per annum and increases on a year-to-year basis by five percent (5%) over the prior year.

Rent expense for the year ended December 31, 2015 and December 31, 2014 was \$122,165 and \$90,396 respectively.

As of December 31, 2015, the total future minimum lease payments in respect of leased premises are as follows:

YEAR ENDED	MINIMUM DUE
2016	118,892
2017	120,380
2018	36,055
2019	-
TOTAL	\$ 275,327

NOTE 10 – RELATED PARTY TRANSACTIONS***Related Transactions***

1) Mark W. Koch, Daniel de Liege and Johan Sturm are principals of AMG Energy Solutions, Inc, which owns 43% of AMG Energy Group, LLC. The company owns the remaining 51% of AMG Energy Group, LLC (see NOTE 4, above).

The officers and directors for the Company are involved in other business activities and may, in the future, become involved in other business opportunities. If a specific business opportunity becomes available, such persons may face a conflict in selecting between the Company and their other business interest. The Company has not formulated a policy for the resolution of such conflicts.

2) Short-term notes payable and convertible notes issued to related parties are described in NOTE 5.

3) In January 2015, the Company entered into a consulting agreement with Prelude Motorsports, Inc. calling for semi-monthly payments of \$10,000. Under the terms of the consulting agreement, the consultant will review and provide input on a variety of areas including corporate structure, marketing materials, website and promotional pieces; provide introductions to various organizations and individuals who might support the Company's business development efforts.

4) In November 2015, the Company issued a short-term, unsecured note payable to a shareholder of the company. The principal amount of the note was \$10,290, accrued interest at 5% per annum and had a term of one-year. On December 8, 2015, the note was paid in full along with \$32 in interest.

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On September 1, 2014, the Company determined the need to focus its resources and personnel on the Company's renewable energy holdings and future energy technologies and to divest the company of its entertainment-related assets and subsidiaries. The principal reasons for such action is the expense, liability and losses that have been generated by the entertainment-related assets and to provide a clear focus and direction to the Company moving forward. Specifically, the Board approved the divesting, selling off, closing down or discontinuing of the operations of its entertainment-related subsidiaries, including but not limited to Prelude Pictures Entertainment, LLC, AMG Live, LLC, AMG Restaurant Operations, LLC (including The New York Sandwich Co.), AMG Music, LLC, AMG Releasing, LLC and AMG Television, LLC.

Below is a reconciliation of the total assets and liabilities of the discontinued operations, which are presented separately on the balance sheet.

	December 31, 2015	December 31, 2014
Carrying amounts of major classes of assets included as part of discontinued operations		
Prepaid expenses	-	11,263
Total assets of the discontinued operation	<u>\$ -</u>	<u>\$ 11,263</u>
Carrying amounts of major classes of liabilities included as part of discontinued operations		
Accounts payable and accrued liabilities	\$ 36,148	\$ 733,762
Total liabilities of the discontinued operation	<u>\$ 36,148</u>	<u>\$ 733,762</u>

Below is a reconciliation of the net loss of the discontinued operations, which are presented separately on the statement of operations.

	December 31, 2015	2014
Major line items constituting pretax profit (loss) of discontinued operations		
Revenue	\$ -	\$ 36,540
Cost of Sales	-	(23,189)
Selling, general and administrative	(31,731)	(991,103)
Interest expense	-	(738)
Loss on impairment	-	(924,040)
Debt forgiveness from legal settlement	700,000	
Loss from discontinued operations	<u>\$ 668,269</u>	<u>\$ (1,902,530)</u>

NOTE 12 – SUBSEQUENT EVENTS

The Company has evaluated subsequent events through the date the financial statements were available to be issued. Based on this evaluation, the Company has identified the following subsequent events:

In January 2016, the Company sold 500,000 units for \$89,000 in connection with its 3rd round offering.

In January 2016, the Company issued 415,000 shares of common stock for services valued at \$164,500.

In January 2016, Iconic Holdings, LLC converted \$95,000 of the convertible debenture's principal balance into 891,042 shares of unrestricted common stock and the remaining balance of the note was repaid in full. The total amount paid was \$140,950, which represented a \$70,000 principal payment and \$70,950 in interest and penalties.

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In January 2016, Group 10 Holdings, LLC converted \$20,000 of the convertible debenture's principal balance into 157,418 shares of unrestricted common stock and the remaining balance of the debenture was paid in full with a payment of \$340,468, which represented a \$255,000 principal payments and \$85,068 in interest and penalties.

In January 2016, the Company paid the Adar Bays, LLC convertible debenture in full with a payment of \$149,022, which represented a \$100,000 principal payment and \$49,022 in interest and penalties.

In January 2016, the Company paid the Union Capital, LLC convertible debenture in full with a payment of \$148,748, which represented a \$100,000 principal payment and \$48,748 in interest and penalties.

In January 2016, the Company paid the LG Capital, LLC convertible debenture in full with a payment of \$156,462, which represented a \$105,000 principal payment and \$51,462 in interest and penalties.

In January 2016, the Company paid the St George Investments, LLC short term note in full with a payment of \$306,890, which represented a \$265,000 principal balance and \$41,890 in interest and penalties.

In January 2016, the Company paid the Vis Vires Group, Inc convertible debenture in full with a payment of \$139,303, which represented a \$104,000 principal payment and \$35,303 in interest and penalties.

In March 2016, the Company sold 7,435,570 shares of common stock along with 9,000,000 warrants for \$1,531,470 in connection with its 5th round offering. These shares were issued with certain anti-dilution protection.

In March 2016, the Company sold Carbolosic Plant 1, LLC to Carbolosic Energy 1, LLLP in satisfaction of the loans made to Carbolosic Plant 1, LLC that totaled in aggregate \$1,250,000.

In March 2016, the board of directors appointed Joseph Walsh as a member of the board.

In March 2016, Mark Koch resigned from the board of directors.

In March 2016, JSJ Investment, Inc. converted \$25,000 of its convertible debt for 195,924 shares of unrestricted common stock. The conversion violated the terms of the debt agreement and the Company and its counsel have notified JSJ of the violation of the agreement and fully intend to recoup all of the issued shares.

Through the date of filing, the Company sold 1,225,001 units for \$294,000 in connection with its 4th round offering.

ITEM 9. – CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. – CONTROLS AND PROCEDURES

(a) Disclosure Controls and Procedures

The Company is required to maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in its reports filed under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms, and that such information is accumulated and communicated to the Company's management, including its chief executive officer (also its principal executive officer) and its chief financial officer (also its principal financial and accounting officer) to allow for timely decisions regarding required disclosure.

Pursuant to Rule 13a-15(b) under the Securities Exchange Act of 1934 ("Exchange Act"), the Company's management, including the Company's President ("President"), the Company's principal executive officer ("CEO") and Chief Financial Officer ("CFO") (the Company's principal financial and accounting officer), have evaluated the effectiveness of the Company's disclosure controls and procedures (as defined under Rule 13a-15(e) under the Exchange Act) as of the end of the period covered by this report. Based upon that evaluation the Company's CEO, President and CFO concluded that the Company's disclosure controls and procedures were effective as of December 31, 2014 to ensure that information required to be disclosed by the Company in the reports that the Company files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods

specified in the SEC's rules and forms, and that such information is accumulated and communicated to the Company's management, including the Company's CEO and CFO, as appropriate, to allow timely decisions regarding required disclosure.

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The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is defined in Rule 13a-15(f) or 15d-15(f) promulgated under the Securities Exchange Act of 1934 as a process designed by, or under the supervision of, the company's principal executive and principal financial officers and effected by the company's board of directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America and includes those policies and procedures that:

- Pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the company;
- Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with accounting principles generally accepted in the United States of America and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
- Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. Because of the inherent limitations of internal control, there is a risk that material misstatements may not be prevented or detected on a timely basis by internal control over financial reporting. However, these inherent limitations are known features of the financial reporting process. Therefore, it is possible to design into the process safeguards to reduce, though not eliminate, this risk.

As of December 31, 2015, management assessed the effectiveness of the Company's internal control over financial reporting based on the criteria for effective internal control over financial reporting established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") and SEC guidance on conducting such assessments. Based on that evaluation, the Company concluded that, during the period covered by this report, such internal controls and procedures were not effective to detect the inappropriate application of US GAAP rules as more fully described below. This was due to deficiencies that existed in the design or operation of its internal controls over financial reporting that adversely affected its internal controls and that may be considered to be material weaknesses.

The matters involving internal controls and procedures that the Company's management considered to be material weaknesses under the standards of the Public Company Accounting Oversight Board was (a) the lack of a functioning audit committee; (b) there are insufficient written policies and procedures for accounting and financial reporting with respect to the requirements and application of US GAAP and SEC disclosure requirements, (c) there is a lack of expertise with US generally accepted accounting principles and SEC rules and regulations for review of critical accounting areas and disclosures and material non-standard transactions and (d) lack of effective oversight during the financial close process resulting in ineffective oversight in the establishment and monitoring of required internal controls and procedures. The aforementioned material weaknesses were identified by the Company's management in connection with the review of its financial statements for the year ended December 31, 2014.

Management believes that the material weakness set forth above did not have an effect on its financial results. However, management believes that the lack of a functioning audit committee and the lack of a majority of outside directors, coupled with not having individuals on staff or retainer with a thorough knowledge of US GAAP and SEC rules and regulations and lack of effective oversight on the financial close process results in ineffective oversight in the establishment and monitoring of required internal controls and procedures, which could result in a material misstatement in its financial statements in future periods.

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This annual report does not include an attestation report of the Company's registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by its registered public accounting firm pursuant to temporary rules of the SEC that permit the Company to provide only management's report in this annual report.

Remediation Plan

Management is sensitive to the issues presented and intends to take appropriate action when the Company's financial resources permit. In April 2014, the Company hired a Corporate Controller and intends to hire additional support staff when its financial resources permit. Management will continue to review and make necessary changes to the overall design of its internal control environment.

(c) Reclassification of prior Period Financial Statements

Certain items previously reported have been reclassified to conform with the current year's presentation.

(d) Changes in Internal Control over Financial Reporting

There have not been any changes in the Company's internal control over financial reporting (as such term is defined in Rules 13a-15 (f) under the Exchange Act) during the fiscal period to which this report relates that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

ITEM 9B. – OTHER INFORMATION

None

PART III

ITEM 10. – DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Directors, Executive Officers and Significant Employees

The following table sets forth information with respect to the Company's directors and executive officers. Other than these persons, there are no significant employees.

<u>Name</u>	<u>Age</u>	<u>Position and Offices</u>
Daniel de Liege	49	Chief Executive Officer, President and Director
Charles F. Sills	71	Director
George D. Bolton	66	Director
Joseph Walsh	65	Director

Daniel de Liege became President, Secretary and a director of the Company in April 2012 and became Chief Financial Officer in April 2014. He has also served as Chief Executive Officer of the Company from April 2012 through February 2015 and April 2015 to present. Prior to founding the Company, Mr. de Liege has been the President and CEO of Prelude Pictures since 1997. Prior to that Mr. de Liege was President of 24/7 Entertainment from 1994 until 1997. Mr. de Liege attended Palm Beach State College and is on the Board of Directors of The Timothy Initiative, a not for profit organization.

Charles F Sills became a director of the Company in July 2015. Mr. Sills has extensive experience planning and directing international industrial, infrastructure, environmental and energy initiatives, having served as a member of the Danube Task Force, the governing council that ran the Danube Basin Environmental Restoration Program led by the World Bank, the European Bank for Reconstruction & Development and the UN Development Program, involving 13 countries from Austria to Moldova. He also served on the Japan-U.S. Joint Fund for Social & Economic Development in Central/Eastern Europe, the Helsinki Commission focused on the environmental clean-up of the Baltic Sea, the Kaliningrad Defense Conversion Initiative, and the NGO Delegation to NAFTA, where he helped draft the Environmental Supplements. Mr. Sills was responsible for securing major funding support for the Smithsonian Institute's biodiversity preservation/cancer cure research program in Brazil's Amazon region; for the Sassari, Sardinia symposium on ozone depletion organized by the International Council of Scientific Unions; and for the White House Presidential Awards program sponsored by the President's Council on Sustainable Development.

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Mr. Sills has been engaged in the renewable energy sector since the 1980's, when he led the Martin Marietta Aerospace (now Lockheed Martin) team that won the contract for and installed the world's largest (at that time) solar photovoltaic energy installation, under a pilot program co-funded by the U.S. and Saudi Arabian Governments; researched and wrote a worldwide survey of renewable energy technologies and commercialization opportunities; and testified before Congress on the need for pro-active U.S. Government support for advanced renewable energy R&D and demonstration programs. Currently, he serves on both the Defense & Security Advisory Committee and the International Advisory Committee for the American Council on Renewable Energy (ACORE); and serves as a Board Member and Advisor on Energy and Environment for the Eurasia Center/Eurasian Business Coalition, where he has planned and moderated conferences on "Doing Business with the BRICS (Brazil, Russia, India, China and South Africa)", and energy and infrastructure investment opportunities associated with the "New Silk Road".

He has extensive experience in Government Contracting, and an advocate for Small Business access to Federal and Military contracting opportunities, serving as a member of the U.S. Chamber of Commerce's Small Business Council, and an observer to the White House sponsored Inter-Agency Task Force on Veterans Business Development. He is President of FED/Contracting LLC, a consultancy that assists Small Businesses in partnering with Prime Contractors, and helps the Prime Contractors qualify Veteran and Minority vendors as teammates for project opportunities with mandated Diversity Supplier content. Based on the U.S. Defense Dept. 'Mentor-Protégé' program that he managed, Trillacorpe Construction, a Service-Disabled Veteran-Owned Small Business, was awarded the 2010 Defense Department Nunn-Perry Award for "superior performance in the areas of business growth and return on investment, Government contracting, technical performance and quality management".

George D. Bolton became a director of the Company in July 2015. Prior to becoming a director of the Company, Mr. Bolton is a seasoned business professional with significant experience in production agriculture. From the management of fertilizer and chemical plants, to the development and integration of a precision farming system for a national fertilizer and chemical distribution company, George has worked to develop and integrate new technologies for agriculture.

Recognizing the impact carbon intensity would have on agriculture, Mr. Bolton was one of the founders of AgCert International, and co-author of the first agricultural baseline methodology approved by the United Nations Framework Convention on Climate Change (UNFCCC) AM0016: Greenhouse gas mitigation from improved animal waste management systems in confined animal feeding operations. Under his direction this methodology was the catalyst which allowed AgCert International to construct over 725 biodigesters impacting more than 94% of the qualifying concentrated animal feeding operations in Mexico and Brazil. The construction and operation of these biogiesters dramatically improved each farms local environment impact while also lowering their carbon intensity. The cooperation between AgCert and the local farmers enabled the use of the Clean Development Mechanism of the UNFCCC to produce and market millions of certified emissions for the purchasers, as well as covering the costs of each farms biodigesters.

Joseph Walsh became a director of the Company in March 2016. Mr. Walsh has been a principal of United States Regional Economic Development Authority since its founding in February 2009. Throughout his career of more than thirty years he has managed and owned public and private corporations in the US, Canada and the UK. Mr. Walsh was formally trained as an Electrical Engineer, but started his career with successful ventures in the fields of Marketing and Advertising. In the late 1990s and early 2000s, Mr. Walsh founded several startup computer and graphics firms, and served as President and CEO for each company as he brought them to the public markets. He subsequently managed numerous successful mergers of public companies, and has accumulated extensive experience in merger and acquisition strategy as a result.

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Audit Committee and Audit Committee Financial Expert

The Company does not currently have a functioning audit committee and the Company's entire board of directors handles the functions that would otherwise be handled by an audit committee. The company expects to designate an audit committee of its board of directors in the near future.

Section 16(a) Beneficial Ownership Reporting Compliance.

Section 16(a) of the Securities Act of 1934 requires the Company's officers and directors, and greater than 10% stockholders, to file reports of ownership and changes in ownership of its securities with the Securities and Exchange Commission. Copies of the reports are required by SEC regulation to be furnished to the Company. Based on management's review of these reports during the fiscal year ended December 31, 2015, all reports required to be filed were filed on a timely basis.

Code of Ethics

The Company's board of directors has adopted a code of ethics that its officers, directors and any person who may perform similar functions is subject to. The Code of Ethics does not indicate the consequences of a breach of the code. If there is a breach, the board of directors would review the facts and circumstances surrounding the breach and take action that it deems appropriate, which action may include dismissal of the employee who breached the code.

ITEM 11. – EXECUTIVE COMPENSATION

The Company's compensation philosophy is based on its belief that its compensation programs should be aligned with stockholders' interests and business objectives; reward performance; and be externally competitive and internally equitable. The Company seeks to achieve three objectives, which serve as guidelines in making compensation decisions:

1. Providing a total compensation package which is competitive and therefore enables it to attract and retain, high-caliber executive personnel;
2. Integrating compensation programs with its short-term and long-term strategic plan and business objectives; and
3. Encouraging achievement of business objectives and enhancement of stockholder value by providing executive management long-term incentive through equity ownership.

The Company may compensate its officers with cash compensation, common stock and common stock options. The Company has not established any quantifiable criteria with respect to the level of compensation, stock grants or options. Rather, the Board of Directors will evaluate cash, stock grants and stock options paid to similarly situated companies. The Company does not currently have a functioning compensation committee and the Company's entire board of directors handles the functions that would otherwise be handled by a compensation committee.

With respect to stock grants and options which may be issued to the Company's officers and directors, the Board will consider an overall compensation package that includes both cash and stock based compensation which would be in line with the Company's overall operations and compensation levels paid to similarly situated companies. Under the Company's 2012 Employee, Director Stock Plan, the administrator can provide for the grant of non-qualified stock options ("Non-Qualified Stock Options"), incentive stock options ("ISOs", together with Non-Qualified Stock Options referred to herein as "Stock Options"), stock appreciation rights ("SARs"), restricted stock ("Restricted Stock") and registered stock ("Registered Stock"), (collectively, the "Awards") to eligible Participants.

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The following table sets forth the compensation paid by the Company to its officers and directors for the fiscal years ended December 31, 2015, 2014, 2013 and 2012. This information includes the dollar value of base salaries, bonus awards and number of stock options granted, and certain other compensation, if any. The compensation discussed addresses all compensation awarded to, earned by, or paid to its named executive officers and directors.

Principal Position	Year	Salary	Bonus	Stock Awards	Option Awards	Non- Equity Incentive Plans	Non- Qualified Deferred Comp on Earnings	Other	Total
Daniel de Liege (President / CEO)	2015	240,000	3,508	-	-	-	-	-	\$ 243,508
	2014	200,000	-	-	-	-	-	-	\$ 200,000
	2013	-	-	-	-	-	-	25,000	\$ 25,000
	2012	-	-	-	-	-	-	12,950	\$ 12,950
Mark Koch (2) (Former Director)	2015	-	-	-	-	-	-	-	-
	2014	200,000	-	-	-	-	-	-	\$ 200,000
Charles F. Sills	2015	18,333	-	-	45,641	-	-	-	\$ 63,974
George D. Bolton	2015	-	-	-	65,576	-	-	-	\$ 65,576
Joseph McNaney (Former Director)	2015	-	-	-	767,705	-	-	-	\$ 767,705
	2014	180,000	-	4,200,000 (1)	-	-	-	-	\$ 4,380,000

(1) The stock award was rescinded in February 2015

(2) A company owned by Mark Koch entered into a consulting agreement with the Company in January 2015, calling for monthly payments of \$20,000

Outstanding Equity Awards at Fiscal Year End

None of the Company's executive officers received any equity awards, including, options, restricted stock or other equity incentives, during the fiscal year ended December 31, 2015. A director of the Company was granted 4,000,000 shares of common stock for consulting services valued at \$4,200,000 during the fiscal year ended December 31, 2014, however this award was rescinded in February 2015 and replaced with two (2) warrant agreements to purchase an aggregate of 2,000,000 shares of common stock at exercise prices ranging from \$0.40 to \$0.65 with five (5) year terms. The warrant agreements were valued at \$767,705.

In March 2015, the Company's Board of Directors approved a resolution to compensate the board's independent directors with cash or equity per quarter under the Company's 2012 Employee, Director Stock Plan. During the fiscal year ended December 31, 2015, the company has issued to its current and former independent directors, eight (8) options to purchase an aggregate of 425,690 shares of common stock for a period of three (3) years at an average exercise price of \$0.45

In January 2016, the Company's Board of Directors approved a resolution to compensate the Company's CEO with 250,000 fully vested warrants at an exercise price of \$0.30 for a period of five (5) years.

Additional Narrative Disclosures

A majority of the Company's employees, including its executive officers, have entered into employment contracts with the company. The company does not offer any benefits package, deferred compensation or retirement plan at this time.

Director Compensation

In March 2015, the Board of Directors approved resolution to award compensation packages to the Company's independent directors for their service as directors or as members of any committee of directors. Each independent member of the board is to receive \$10,000 in value of common stock, cash or three-year options per quarter. In addition, the Chairman of the Board is to receive a

\$3,000 monthly payment. The Company may compensate its directors with common stock, common stock options, cash or a combination of these instruments. The Company has not established any quantifiable criteria with respect to the level of stock grants or options. Rather, the Board of Directors will evaluate stock grants and stock options paid to similarly situated companies.

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Table of Contents**ITEM 12. – SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS**

The following table sets forth certain information regarding beneficial ownership of the Company's Common Stock as of the date of filing, by: (i) each current director; each nominee for director, and executive officer of the Company; (ii) all directors and executive officers as a group; and (iii) each shareholder who owns more than five percent of the outstanding shares of the Company's Common Stock. Except as otherwise indicated, the Company believes each of the persons listed below possesses sole voting and investment power with respect to the shares indicated.

Name and Address	No of Shares (2)	% Owned (1)	Capacity
Daniel de Liege 400 N. Congress Ave., Suite 130 West Palm Beach, FL 33401	5,337,005	7.349%	Chief Executive Officer, President and Director
Joseph Walsh (5) 400 N. Congress Ave., Suite 130 West Palm Beach, FL 33401	20,944,308	28.840%	Director
Charles F. Sills 400 N. Congress Ave., Suite 130 West Palm Beach, FL 33401	100,000	**	Director
George D. Bolton 400 N. Congress Ave., Suite 130 West Palm beach, FL 33401	157,506	**	Director
All officers and directors as a group (four persons)	26,538,819	36.544%	
Mark W. Koch (3) 400 N. Congress Ave., Suite 130 West Palm Beach, FL 33401	4,219,175	5.810%	5% Holder
Johan Sturm (4) 400 N. Congress Ave., Suite 130 West Palm Beach, FL 33401	4,893,783	6.739%	5% Holder

** less than one percent

- (1) This table is based upon 51,708,310 shares of common stock issued and outstanding and 20,913,457 warrants and options vested and exercisable as of the date of filing.
- (2) Beneficial ownership is determined in accordance with the rules of the Securities and Exchange Commission and includes voting and investment power with respect to the shares. Shares of Common Stock subject to options or warrants currently exercisable or exercisable within 60 days are deemed outstanding for computing the percentage of the person holding such options or warrants, but are not deemed outstanding for computing the percentage of any other person.
- (3) Includes 1,666,142 Shares owned by Mark W. Koch, 1,505,577 shares owned by MWK Holdings, Inc., 500,000 shares owned by MWK Holdings I, LLC, and 678,580 shares owned by CTWC, LLC., the beneficial owner of which is Mark Koch.
- (4) Includes 2,899,766 shares owned by Willem Johan Sturm and Marie M Veronique Sturm and 2,005,132 shares owned by Animated Family Films, Inc., the beneficial owner of which is Johan Sturm. Johan Sturm resigned as a director of the Company on November 10, 2014.
- (5) Includes 6,638,821 shares and 6,087,702 fully vested and exercisable warrants owned by United States Regional Economic Development Authority, LLC and 3,717,785 shares and 4,500,000 fully vested and exercisable warrants owned by Carbolosic Energy I, LLLP of which the beneficial owner is Joseph Walsh.

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The Company is not aware of any person who owns of record, or is known to own beneficially, five percent (5%) or more of the outstanding securities of any class of the issuer, other than as set forth above.

Changes in Control

The Company does not currently have any arrangements which if consummated may result in a change of control of the Company.

ITEM 13. – CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS AND DIRECTOR INDEPENDENCE

Related Transactions

1. In January 2015, the Company entered into a consulting agreement with Prelude Motorsports, Inc. calling for semi-monthly payments of \$10,000. Under the terms of the consulting agreement, the consultant will review and provide input on a variety of areas including corporate structure, marketing materials, website and promotional pieces; provide introductions to various organizations and individuals who might support the Company's business development

2. Throughout 2013, the Company issued unsecured short-term notes payable to various related parties, including officers and directors of the Company, with a term of one year, which have since been extended. At September 30, 2015, there was one consolidated note outstanding to Palm Beach Energy Solutions, LLC. The note has an outstanding principal balance of \$71,000 and bears interest at a rate of 5% per annum.

3. Mark W. Koch and Daniel de Liege are principals of AMG Energy Solutions, Inc, which owns 43% of AMG Energy Group, LLC. The company owns 51% of AMG Energy Group, LLC.

The officers and directors for the Company are involved in other business activities and may, in the future, become involved in other business opportunities. If a specific business opportunity becomes available, such persons may face a conflict in selecting between the Company and their other business interest. The Company has not formulated a policy for the resolution of such conflicts.

4. In December 2014, EK Laboratories, Inc. ("EK"), a Florida corporation, was created as a wholly owned subsidiary of AMG Energy Group, LLC. EK was created to operate as a research facility to further develop the CTS technology and develop new emerging technologies. AMG Energy Group, LLC is owned 51% by the Company and 43% is owned by AMG Energy Solutions, Inc, of which Daniel de Liege and Mark W. Koch are principals.

5. In November 2015, the Company issued a short-term, unsecured note payable to a shareholder of the company. The principal amount of the note was \$10,290, accrued interest at 5% per annum and had a term of one-year. On December 8, 2015, the note was paid in full along with \$32 in interest.

Director Independence

The Company currently has three (3) independent directors within the meaning of Nasdaq Marketplace Rule 4200. Although there are only three (3) independent directors, due to the business and financial expertise of the CEO, the company feels that the current board can competently perform the functions that an independent Board of Directors would provide.

ITEM 14. – PRINCIPAL ACCOUNTANT FEES AND SERVICES.

Audit Fees

The aggregate fees billed by the Company's auditors, Paritz & Co. P.A. for professional services rendered for the audit of its annual financial statements for fiscal year ended December 31, 2015 and review its interim financial statements for the first, second and third quarters of 2016 will be approximately \$40,000 The aggregate fees billed by the Company's auditors, Paritz & Co P.A., for professional services rendered for the audit of its annual financial statements for fiscal year ended December 31, 2014 and review its interim financial statements for the first, second and third quarters of 2015 were approximately \$40,000.

Table of Contents***Audit Related fees***

During the past fiscal year, no fees were billed or incurred for assurance or related services by the Company's auditors that were reasonably related to the audit or review of financial statements reported above.

Tax Fees

During the past fiscal year, \$4,500 was billed by the Company's auditors for tax preparation fees for the fiscal year ended December 31, 2015.

All Other Fees

During the past fiscal year, no other fees were billed or incurred for services by the Company's auditors other than the fees noted above. The Company's board, acting as an audit committee, deemed the fees charged to be compatible with maintenance of the independence of its auditors.

The Board of Directors Preapproval Policies

The Company does not currently have a functioning audit committee and the Company's entire board of directors handles the functions that would otherwise be handled by an audit committee. The company expects to designate an audit committee of its board of directors in the near future. Before an independent auditor is engaged by the Company to render audit or non-audit services, the Company's board of directors pre-approves the engagement. Board of directors pre-approval of audit and non-audit services will not be required if the engagement for the services is entered into pursuant to pre-approval policies and procedures established by the Company's board of directors regarding its engagement of the independent auditor, provided the policies and procedures are detailed as to the particular service, its board of directors is informed of each service provided, and such policies and procedures do not include delegation of its board of directors' responsibilities under the Exchange Act to its management. The Company's board of directors may delegate to one or more designated members of its board of directors the authority to grant pre-approvals, provided such approvals are presented to the board of directors at a subsequent meeting. If the board of directors elects to establish pre-approval policies and procedures regarding non-audit services, the board of directors must be informed of each non-audit service provided by the independent auditor. Board of directors pre-approval of non-audit services, other than review and attest services, also will not be required if such services fall within available exceptions established by the SEC. For the fiscal year ended December 31, 2015, 100% of audit-related services, tax services and other services performed by the Company's independent auditors were pre-approved by its board of directors.

The Company's board has considered whether the services described above under the caption "All Other Fees", which are currently none, is compatible with maintaining the auditor's independence.

The board approved all fees described above.

Table of Contents**PART IV****ITEM 15. -- EXHIBITS, FINANCIAL STATEMENT SCHEDULES**

The following documents are filed as part of this 10-K:

1. FINANCIAL STATEMENTS

The following documents are filed in Part II, Item 8 of this annual report on Form 10-K:

Report of Paritz & Co. P. A., Independent Registered Public Accounting Firm

Consolidated Balance Sheets as of December 31, 2015 and 2014

Consolidated Statements of Operations for the years ended December 31, 2015 and December 31, 2014

Consolidated Statements of Changes in Stockholders' Equity for the years ended December 31, 2015 and December 31, 2014

Consolidated Statements of Cash Flows for the years ended December 31, 2015 and December 31, 2014

Notes to the Consolidated Financial Statements

2. FINANCIAL STATEMENT SCHEDULES

All financial statement schedules have been omitted as they are not required, not applicable, or the required information is otherwise included.

3. EXHIBITS

The exhibits listed below are filed as part of or incorporated by reference in this report.

Exhibit No.	Identification of Exhibit
31.1.	Certification of the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2.	Certification of the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certification of the Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2	Certification of the Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
EX-101.INS	XBRL Instance Document
EX-101.SCH	XBRL Taxonomy Extension Schema
EX-101.PRE	XBRL Taxonomy Extension Presentation Linkbase
EX-101.LAB	XBRL Taxonomy Extension Label Linkbase
EX-101.CAL	XBRL Taxonomy Extension Calculation Linkbase
EX-101.DEF	XBRL Taxonomy Extension Definition Linkbase

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Pursuant to the requirements of Section 13 or 15(d) of the Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Alliance BioEnergy Plus, Inc.
(Registrant)

By /s/ Daniel de Liege
Daniel de Liege
Chief Executive Officer, President and
Secretary (Principal Executive Officer)

Date April 13, 2016

By /s/ Daniel de Liege
Daniel de Liege
Chief Financial Officer (Principal Financial and
Accounting Officer)

Date April 13, 2016

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following person on behalf of the registrant and in the capacity and on the date indicated.

By /s/ Daniel de Liege
Daniel de Liege
Chief Executive Officer, Chief Financial
Officer, President, Secretary and Director

Date April 13, 2016

By /s/ Joseph Walsh
Joseph Walsh
Director

Date April 13, 2016

By /s/ George D. Bolton
George D. Bolton
Director

Date April 13, 2016

By /s/ Charles F. Sills
Charles F. Sills
Director

Date April 13, 2016

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EXHIBIT “22”

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ORDERED in the Southern District of Florida on October 26, 2018.

Erik P. Kimball, Judge
United States Bankruptcy Court

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF FLORIDA
WEST PALM BEACH DIVISION

In re:

Case No. 18-19441-EPK

160 ROYAL PALM, LLC,

Chapter 11

Debtor.

ORDER SETTING EVIDENTIARY HEARING

This matter came before the Court for hearing on January 31, 2018 upon *Secured Creditor KK-PB Financial, LLC's Motion to (I) Modify and Terminate Automatic Stay; or (II) Dismiss Chapter 11 Proceeding* [ECF No. 69] (the "Motion for Relief from Automatic Stay") filed by KK-PB Financial, LLC, the *Debtor's Motion to Limit Credit Bids with Respect to Sale of Substantially All of its Assets* [ECF No. 103] (the "Motion to Limit Credit Bids") filed by 160 Royal Palm, LLC (the "Debtor"), and *Secured Creditor KK-PB Financial, LLC's Motion to Estimate Claim for Purposes of Credit Bidding Pursuant to 11 U.S.C. §§ 502(c) and 363(k)* [ECF No. 133] (the "Motion to Estimate Claim") filed by KK-PB Financial, LLC.

For the reasons stated on the record at the hearing, the Court ORDERS and ADJUDGES as follows:

1. The Court will hold an evidentiary hearing on the Motion for Relief from Automatic Stay [ECF No. 69], the Motion to Limit Credit Bids [ECF No. 103], and the Motion to Estimate Claim [ECF No. 133] at 9:30 a.m. on December 6, 2018 in Courtroom B, United States Bankruptcy Court, The Flagler Waterview Building, 8th Floor, 1515 North Flagler Drive, West Palm Beach, Florida 33401.
2. Not later than **November 8, 2018**, KK-PB Financial, LLC may file with the Court a notice electing to set for evidentiary hearing the *Debtor's Objection to Claim of KK-PB Financial, LLC* [ECF No. 178] filed by the Debtor and the *Objection to Claim* [ECF No. 179] filed by certain EB-5 Creditors¹ at the December 6, 2018 evidentiary hearing. If KK-PB Financial, LLC timely files such a notice, the Court will issue a separate notice of evidentiary hearing for the same.

###

Copy to:

Philip J Landau, Esq.

Philip J Landau, Esq. is directed to serve a copy of this Order on all appropriate parties in interest and to file a certificate of service with the Clerk of Court.

¹ As identified in Exhibit A to ECF No. 179.

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF FLORIDA
WEST PALM BEACH DIVISION

In re:

160 Royal Palm, LLC,

Case No. 18-19441-EPK

Debtor,

Chapter 11

**DEBTOR'S MOTION TO LIMIT CREDIT BIDS WITH RESPECT
TO SALE OF SUBSTANTIALLY ALL OF ITS ASSETS**

160 Royal Palm, LLC (the "Debtor"), hereby files this *Motion to Limit Credit Bids with Respect to Sale of Substantially All of Its Assets* (the "Motion"), and in support thereof, states as follows:

FACTUAL BACKGROUND

A. The Parties.

1. The Debtor is a Florida limited liability company that filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code on August 2, 2018 (the "Petition Date"). The Debtor's principal asset is a partially completed hotel-condominium project known as the Palm House Hotel (the "Hotel") located at 160 Royal Palm Way, Palm Beach, FL 33480.

2. Prior to the Petition Date, the Circuit Court for the Fifteenth Judicial Circuit in and for Palm Beach County, Florida appointed Cary Glickstein ("Mr. Glickstein") as a receiver over the Hotel, and later appointed him as the sole and exclusive manager of the Debtor. Mr. Glickstein continues to operate the Debtor as a debtor in possession.

3. Palm House, LLC (the "Palm House") is a Delaware limited liability company whose sole purpose is to own 100% of the Debtor. Gerry Matthews owns 99% of Palm House for the benefit of his brother, Robert Matthews ("Mr. Matthews") and Maria "Mia" Matthews ("Mrs.

(2234/000/00417345)

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Complaint Seeking Damages and Preliminary and Permanent Injunctive Relief (the "EB-5 Complaint") that names the following parties as defendants: Joseph Walsh, Joseph Walsh, Jr., J. Marcus Payne, David Derrico, South Atlantic Regional Center, LLC, USREDA, LLC, IIW Consultancy, Ltd., Mr. Matthews, Mrs. Matthews, Gerry Matthews, Ryan Black, Palm House, Palm House PB, LLC, Mirabilia, LLC, Bonaventure 22, LLC, ALIBI LLC, Alibi Ltd., Nicholas Laudano, New Haven Contracting South, Inc., Botticelli Advisors, LLC, NJL Development Group LLC, Ali Herischi, Herischi & Associates LLC, Eric Erkan Nur, and KK-PB (collectively, the "Bad Actors"), along with Leslie Robert Evans, Leslie Robert Evans & Associates, P.A. and PHH (collectively, with the Bad Actors, the "Defendants").¹ A copy of the EB-5 Complaint is attached hereto as EXHIBIT D.

8. The EB-5 Creditors assert that the Bad Actors orchestrated a massive scheme to fraudulently induce them to invest approximately \$50 million upon promises of U.S. citizenship in exchange for their investments.

9. Each of the EB-5 Creditors invested \$500,000 (plus an estimated \$40,000 administrative fee) in exchange for an alleged first-priority lien on the Hotel through PHH. The EB-5 Complaint asserts *inter alia* the following factual allegations:

- a. KK-PB, along with the other Bad Actors, preyed on foreign nationals with minor children desirous of leaving foreign countries, such as China and Iran, to provide their families with the opportunity for a better life in the United States through the EB-5 program, and conspired to fraudulently induce each Plaintiff to invest \$500,000, plus a \$40,000 "administrative fee," into a purported Palm Beach real estate project, known as the "Palm House Hotel," which was simply a mechanism to steal Plaintiffs' funds and distribute them among the conspirators.

¹ The foregoing individuals were defined as the "Bad Actors" in the EB-5 Complaint. The Debtor does not use that phrase pejoratively and has adopted it herein solely for consistency purposes.

² The EB-5 Creditors also named the Debtor as a defendant; however, upon the Debtor filing a suggestion of bankruptcy, the district court entered an order staying the case as to the Debtor (Dist. Ct. ECF No. 312, Case No. 18-18741).

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Matthews"), Mr. Matthews's wife. The remaining 1% is owned by Ryan Black.² During all relevant periods prepetition, Mr. Matthews effectively controlled Palm House.

4. Until August 2013, Glenn Straub ("Mr. Straub") owned 100% of the Debtor. Mr. Straub served as the Debtor's manager and president until September 17, 2013. On September 17, 2013, Mr. Straub filed a Resignation of Member, Managing Member or Manager from Florida or Foreign Limited Liability Company (the "Resignation") with the Florida Department of State, Division of Corporations. A copy of the Resignation is attached hereto as EXHIBIT A.

5. Mr. Straub owns and controls KK-PB Financial, LLC ("KK-PB"), a Florida limited liability company with its principal place of business located at 13501 South Shore Boulevard, Suite 103, Wellington, Florida 33414. KK-PB has alleged it has a secured claim against the Hotel. See ECF No. 69.

6. Palm House Hotel, LLLP ("PHH") is a Florida limited liability partnership, with its principal place of business located at 9100 Belvedere Road, #207, Royal Palm Beach, Florida 33411. PHH is owned by and/or controlled by Joseph Walsh ("Walsh") through two of his companies, South Atlantic Regional Center, LLC and USREDA Holdings LLC. The Debtor believes that PHH may assert a secured claim against the Hotel and a right to credit bid.

B. Mr. Matthews, KK-PB, Mr. Straub and PHH Are Involved in a Fraudulent Scheme to Defraud Foreign Nationals to Invest Over \$50 Million Dollars in a Hotel Project.

7. On November 14, 2016, approximately 63 foreign nationals (the "EB-5 Creditors") filed a complaint with the United States District Court for the Southern District of Florida initiating Case No. 9:16-cv-81871-KAM. On August 30, 2017, the EB-5 Creditors filed an *Amended*

³ In Mr. Matthews' chapter 11 disclosure statement, he explains how his brother holds the beneficial interest of the Palm House in trust for him and Mrs. Matthews. See *In re Robert Matthews*, Case No. 17-23426-MAM. Also, in his Official Form 20 Payment Report, Mr. Matthews lists 1) a "Joint Equitable/Beneficial interest in 99% membership interest" in Palm House and 2) an "Indirect interest via Palm House LLC, which owns a 100% membership interest in 160 Royal Palm LLC" in the Debtor. See ECF No. 37, 17-23426-MAM.

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b. The Bad Actors fraudulently obtained \$500,000, plus \$40,000-\$60,000 in administrative fees, from each foreign investor through the sale of alleged equity interests in PHH that would be involved in the development of the Palm House Hotel, claiming that the investment would qualify them under the EB-5 program administered by United States Citizenship and Immigration Services.

c. The EB-5 Creditors' funds were supposed to be held in an escrow account unless and until their I-526 immigration petitions were approved by the United States government. If and when the EB-5 Creditors' I-526 petitions were approved, the funds were supposed to be used to create at least 10 full-time jobs for qualifying U.S. workers, in this case by: (a) finishing the renovation and development of an existing luxury hotel structure in Palm Beach; (b) serving Palm Beach County by seeking to create jobs and increase U.S. exports by developing an upscale resort hotel; and (c) creating at least 790 direct and indirect jobs to support the EB-5 guidelines and the number of investors sought.

d. The EB-5 Creditors' funds were not held in the escrow account. Instead, contrary to all of the written and oral representations, the EB-5 Creditors' funds were stolen and transferred from the escrow account to other accounts and pillaged for the personal pleasure of the conspirators.

e. Specifically, once the EB-5 Creditors' funds arrived in the escrow account, most of the money was immediately moved to a second account. From those two accounts, between \$10,000,000-\$20,000,000 of the EB-5 Creditors' funds were stolen, and never sent to the project or anyone else purportedly associated with the development of the project. Rather, those funds were "skimmed" right off the top, and used for non-allowable purposes, including personal expenses and investments.

f. After \$10,000,000-\$20,000,000 of the EB-5 Creditors' funds were immediately stolen, additional transfers of between \$20,000,000-\$25,000,000 of the EB-5 Creditors' funds were sent to pay the other conspirators in the scheme. Those funds were used to: (a) purchase multiple homes, investment property, a 151 foot yacht that cost almost \$6,000,000, a luxury car, vacations, and other accoutrements of a life of luxury; (b) pay personal debts, including more than \$266,000 in personal back taxes; and (c) grease all the wheels that furthered the criminal scheme, including a licensed attorney that helped fraudulently induce the certain victims' investments.

g. Virtually none of the EB-5 Creditors' funds were used develop the property, no jobs were created, and no EB-5 visas were issued to any of the EB-5 Creditors. Accordingly, over 90 foreigners are now unable to leave their respective countries and have lost their entire lifetimes.

h. With respect to KK-PB specifically, while it obtained its mortgage in August 2013, it did not record its mortgage until seven (7) months later, on March 28, 2014, which created the façade that the real property was unencumbered by such debt and that

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- the EB-5 Creditors would, indeed, obtain a first mortgage on the real property that fully secured their investment once a purported bank loan was paid off.
- j KK-PB also improperly benefited from the scheme by receiving transfers of the EB-5 Creditors' stolen money.
 - k The EB-5 Creditors have alleged that the certain Bad Actors transferred between \$20,000,000-\$25,000,000 of the EB-5 Creditors' funds to accounts belonging to KK-PB and six other parties.
 - l Mr. Straub and KK-PB were aware that PHH intended to offer an EB-5 visa program at the Palm House Hotel, and that they intended to obtain foreign investors in the project.
 - m Upon information and belief, Mr. Straub and KK-PB were informed that the foreign investors were told that there was a \$29,500,000 bank loan and mortgage against the property, and that those funds were being used to create jobs and continue the construction.
 - n Upon information and belief, Mr. Straub and KK-PB were informed that the foreign investors were told that their investments would be used to pay off the \$29,500,000 bank loan, at which time they would receive a first mortgage on the Property.
 - o Upon information and belief, Mr. Straub and KK-PB intentionally failed to record the Mortgage for almost seven (7) months to create the facade to potential foreign investors that the Property was unencumbered by his mortgage, which was in excess of \$27,000,000.
 - p Upon information and belief, Mr. Straub and KK-PB recorded the Mortgage on March 28, 2014, only after being informed that most of the EB-5 Creditors had already performed their due diligence, signed their documentation, and wired their investments to be used at the Palm House Hotel project.
 - q Mr. Straub and KK-PB conspired with and/or enabled the Bad Actors to fraudulently sell the Palm House investment opportunity to the EB-5 Creditors.
 - r It was never disclosed to the EB-5 Creditors that a prior mortgage in favor of the prior owner/developer existed on the Property.
 - s The Bad Actors represented to the EB-5 Creditors that the only loan on the project was a bank loan, which was being used to create jobs and continue the construction.

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14 Through what can best be described as a classic leveraged buyout transaction, Mr. Straub received significant consideration for the purchase of his membership interest in the Debtor and in exchange the Debtor became saddled with substantial debt for no benefit.

15 Specifically, in August 2013, while serving as the manager and president of the Debtor, Mr. Straub agreed to sell his ownership interest in the Debtor to Palm House. In exchange, Mr. Straub received:

- a A promissory note (the "Note") and mortgage (the "Mortgage") executed by the Debtor in favor of KK-PB for \$27,468,750, and
- b Cash in the amount of approximately \$6.9 million, \$2.9 million of which came from the accounts of the EB-5 Creditors.

A copy of the Note is attached hereto as EXHIBIT D, and a copy of the Mortgage is attached hereto as EXHIBIT E. Copies of the wire transfers from the EB-5 Creditors and related emails are attached hereto as EXHIBIT F.

16 The Debtor, however, received nothing in exchange for the \$27 million Mortgage. This fact should be undisputed.

17 On July 22, 2015, in connection with its defense of the state court foreclosure action, the Debtor took the deposition of Mr. Straub.

18 Mr. Straub was unable to describe any consideration provided to the Debtor. For example, when Mr. Straub was asked whether KK-PB wired funds to the Debtor for the transaction, he testified:

That's a legal question. I wouldn't be there to receive a wire or anything else that was sent. I don't know anything about those things.

I have no idea but it might be hearsay anyways, so if somebody would have told me that the wire got done I wouldn't know what the wire was for or what the amount is; it's just the idea that that's clerical work outside of my operations background.

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- i Further, Mr. Straub and KK-PB impermissibly benefited from their conduct by collecting payments on the Mortgage from the EB-5 Creditors' funds.
- u With respect to PHH, the EB-5 Creditors were fraudulently induced to each invest \$500,000 into PHH in exchange for an interest, the false promises of United States EB-5 visas, and the ultimate return of their investment, with interest.

19 The EB-5 Complaint also includes fraudulent transfer counts against KK-PB and a claim for an equitable lien against the Hotel. The case is presently set for jury trial on June 29, 2020. The EB-5 Creditors have filed proofs of claim in the Debtor's bankruptcy case that appear to allege an equitable lien on the Hotel.

C. The Hotel and Most Recent Leveraged Buy-Out Transaction.

11 In August 2006, Mr. Matthews purchased the Hotel through a company known as Royal 160, LLC. Royal 160 defaulted on its mortgage and in 2009 its secured lender initiated a foreclosure proceeding.

12 Ultimately, the Hotel was sold at auction and Mr. Straub acquired the Hotel (through the Debtor) for \$10,000,000. On October 22, 2009, the state court issued a certificate of title to the Debtor, which Mr. Straub recorded on the same day. A copy of the recorded certificate of title is attached hereto as EXHIBIT C.

13 In August 2013, when certain of the Bad Actors are alleged to have begun traveling to China and Iran to solicit victims for the fraudulent EB-5 program and Hotel project, Mr. Straub and Mr. Matthews negotiated a sale of Mr. Straub's membership interest in the Debtor to Palm House, which would then be controlled by Mr. Matthews, for the purchase price of \$36 million dollars. EB-5 Compl. ¶¶ 77-80. It appears that in 2012, Mr. Straub and the Debtor considered a sale of the Hotel to a company controlled by Mr. Matthews but ultimately to sell Mr. Straub's interest in the Debtor instead.

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Straub Depo Tr 79:2-79:15, July 22, 2015. A copy of the Mr. Straub's deposition transcript is attached hereto as EXHIBIT G.

When Mr. Straub was asked whether KK-PB ever transferred anything of value to the Debtor, Mr. Straub testified:

Over my pay scale. That's not my job to do in the company. I'm in operations. If that's what the company did, the company speaks will give you some- some person personally would know that in detail more than I would. I'm into moving two by fours around, I'm into hiring contractors to put air conditioning in.

Straub Depo Tr 82:4-92:13.

When asked whether KK-PB wrote a check to any third party with respect to the transaction, Mr. Straub testified:

I wouldn't know right sitting here. The document reflects that we would have probably been able to answer that, but as far as me sitting here memorizing all these different companies. So, the question is find a document if a document exists. That is KK, whatever wrote a check.

Straub Depo Tr 33:18-34:2.

19 As a result of Mr. Straub's evasive testimony, the following day Alan Burger, foreclosure defense counsel for the Debtor, emailed Alexander Donib ("Mr. Donib"), counsel for Mr. Straub, seeking to narrow the issues and determine what, if any, consideration the Debtor received in exchange for the \$27 million Mortgage to KK-PB. In response, Mr. Donib stated the following:

I am actually dumbfounded that you are stuck on the question of KK-PB's advance of funds by wire or any other means. I believe the Assignment of Interest Agreement provides for the fact that Glenn Straub personally was the Seller of 100% of his membership interest in the LLC known as 160 Royal Palm to Buyer Palm House, LLC. Based on the way in which the transaction was finally structured, Glenn Straub, as the Seller, was entitled to receive the sum of \$27,468,750.00 from the purchaser representing the balance of the amount due in payment for his asset. The only thing the purchaser entity owned of value was its newly acquired interest in 160 Royal Palm which owned the real property, which real property was

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pledged as collateral security for the payment of the balance of the purchase price to either Glenn Straub, or an entity of Glenn Straub's choosing.

No money changed hands. An asset changed hands (100% of the membership interest in 160) for which the entire purchase price was not paid by the Buyer, and so in exchange for the promise to pay the balance of the purchase price for the asset at a later date (promissory note to KK-PB), which was secured by a mortgage on the dirt owned by 160 Royal Palm, an asset owned by the acquiring entity, Palm House, LLC.

In the circumstance, there is no wire, no transfer of funds, nor a check for \$27,468,750.00. Can we move on to the next issue?

A copy of the July 23, 2015 emails between Mr. Burger and Mr. Domb is attached hereto as EXHIBIT H.

D. KK-PB Initiates a Suspect Foreclosure Action Against the Debtor and Hotel that Sheds Further Light on the Overreaching and Inequitable Nature of the Leveraged Buy-Out Transaction.

20. KK-PB appears to have received three monthly payments on account of the Note and Mortgage from funds provided by the EB-5 Creditors. The Notice of Default attached to KK-PB's *Third Amended Complaint* (the "*KK-PB Complaint*") as Exhibit 4 states in part that "the Borrower made monthly payments due November 1, 2014, December 1, 2014 and January 1, 2015." A copy of the KK-PB Complaint is attached hereto as EXHIBIT I. Deposition testimony of Mr. Matthews suggests that the three mortgage payments came from Mr. Walsh and thus would likely be funds from the EB-5 Creditors. Matthews Depo. Tr. 77:6 – 77:18, May 12, 2016. A copy of Mr. Matthews deposition transcript is attached hereto as EXHIBIT J.

21. Approximately a year after the closing, on September 12, 2014, KK-PB initiated a foreclosure action against the Debtor initially based only on alleged waste, and filed a *Third Amended Complaint* on March 23, 2015 (the "*KK-PB Complaint*"), a copy of which is attached hereto as EXHIBIT K. The KK-PB Complaint alleges that six months after the transaction closed,

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Evans Depo. Tr. 37:1-37:12, October 19, 2015. A complete copy of Evans deposition transcript is attached hereto as EXHIBIT O.

- F. Mr. Evans testified throughout his deposition that many (if not all) of the dollar amounts listed in the closing statement were inaccurate. For example, the closing statement provides that the "seller" was to receive \$6,220,920.86 in cash at closing. But as of August 29, 2013, Evans testified that he was allegedly holding only \$3,050,000.00 in trust. See Evans Depo. Tr. 23-27. When asked why he would have signed the closing statement knowing that it was inaccurate, Mr. Evans stated "[t]he reason being is that this was being directed in large part out of Connecticut. It was late at night. They said sign it, we understand what it is, sign it. And I signed it." *Id.* at 33:2-34:2.
- G. It is unclear why Mr. Evans, as the closing attorney, was taking direction from a Connecticut law firm, but the deposition transcript clearly reveals that Mr. Evans allowed himself to be used as a puppet. At one point, Mr. Evans testified that "I did what I was told by Connecticut, in conjunction with Craig Gallo . . ." *Id.* at 38:9-38:10.
- H. Evans even testified that there were several side deals going on here. Specifically, when questioned about some of the discrepancies in the closing statement, Evans testified that:

That's what the document says but there were some negotiations going on there between the various representatives and the attorney, Craig Gallo, and the attorney up at Rogin Nassau that it was what it was. I never receive[d] the \$744,402.00, per se, from the seller that's described in the escrow agreement from Glenn Straub. The seller here is Palm House, LLC, so there's a difference. There were some side agreements and discussions amongst themselves and nobody objected to any of this until recently.

Id. at 30:7-30:17 (emphasis added)

E. Mr. Straub Fails to Timely Construct the Hotel, Encumbers the Property with a Town Fine, and Fails to Provide the Agreed Upon Payment for Such Fine.

24. Prior to August 2013, while Mr. Straub owned and controlled the Debtor and Hotel, he committed to the Town of Palm Beach (the "*Town*") to complete the construction of the improvements on the Hotel by February 14, 2013. An Amendment and a Second Amendment to Declaration of Use Agreement was recorded against the Hotel that provides that if such improvements were not timely concluded, the Hotel owes the Town a \$2,000 daily fee for

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the Debtor failed to make the monthly payment due on February 1, 2015 and subsequent payments. See KK-PB Compl. ¶ 13.

22. The Debtor filed an *Answer to Fourth Amended Complaint, Second Amended Affirmative Defense and Second Amended Counterclaims*, a copy of which is attached hereto as EXHIBIT L, that raises counts of quiet title, rescission of note, tortious interference with advantageous business relationship, breach of fiduciary duty, indemnity and negligent misrepresentation (the "*Counterclaims*").

23. The KK-PB Complaint and foreclosure action are suspect for a number of reasons, and further shed light on the overreaching and inequitable nature of the above-referenced leveraged buy-out transaction. For example:

- The KK-PB Complaint only names two defendants, despite the existence of numerous judgment and construction lien creditors.
- KK-PB does not record a *lis pendens*.
- The parties have an inordinately difficult time determining what happened during the closing and who received what funds, which should be a straightforward task.
- The closing statement, a copy of which is attached hereto as EXHIBIT M, makes little sense and has numerous errors, including identifying the "seller" as Palm House and the "buyer" as the Debtor when the Debtor already owned the Hotel and was not buying anything through the transaction, and the seller was Mr. Straub, who was selling his membership interest in the Debtor.
- During a deposition on October 19, 2015, Leslie Evans, Esq. ("*Mr. Evans*"), the closing attorney for the transaction who has since been indicted by a federal grand jury in Connecticut in connection with his involvement in the EB-5 fraud,⁵ testified in part that:

[t]his was one of the craziest, sloppiest closings that I've ever had in 40 years and I'm not sure what the hell went on with some of it. All I know is that there were certain agreements between some of the principles [sic].

⁵ A copy of the recently unsealed indictment is attached hereto as EXHIBIT N. Mr. Evans has also been sued in various civil actions for his involvement in the EB-5 fraud discussed above.

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noncompletion. Mr. Straub failed to complete the improvements and the Town imposed the daily fee commencing on February 15, 2013.

25. While the Town daily fine was accruing, Mr. Straub sold his ownership interest in the Debtor to Palm House. As part of the transaction, Mr. Straub and Palm House entered into an Escrow Agreement dated August 30, 2013, a copy of which is attached hereto as EXHIBIT P, which provided that Mr. Straub would deposit \$744,442 with an escrow agent to address the Town fine and other violations, and if such violations were not resolved within a few months, the funds would be released to Palm House.

26. The Town fine remained unresolved as of the Petition Date. In violation of the Escrow Agreement, the \$744,442 was never paid to Palm House or the Debtor. Nor were any of the violations resolved with the Town. The Debtor, however, has been negotiating with the Town to resolve such fine, and to such end filed the *Debtor's Motion for Approval of Settlements with the Town of Palm Beach* [ECF No. 97].

F. A Federal Grand Jury in Connecticut Indicts Mr. and Mrs. Matthews, and Mr. Straub Pays for Their Legal Defense, and the Securities and Exchange Commission Sues Mr. Matthews, Palm House and Other Parties.

27. In March 2018, the U.S. Attorney for the District of Connecticut charged Mr. Matthews with a twenty-nine count indictment relating to the fraud perpetrated against the EB-5 Creditors, including *inter alia* tax claims of evasion, wire fraud and bank fraud.⁶ Mr. Matthews was released on a \$3,000,000 bond.

⁵ The U.S. Attorney also charged Gerry Matthews and Nick Lusiano (the principal of the Hotel's contractor) for similar crimes. Gerry Matthews and Nick Lusiano have both pled guilty. Gerry Matthews to a charge of wire fraud and Nick Lusiano to charges of bank fraud and illegal monetary transactions. Both men are awaiting sentencing. A copy of the transcript from Gerry Matthews' plea hearing is attached hereto as EXHIBIT Q. The transcript clearly articulates Mr. Matthews' and Gerry Matthews' involvement in the scheme to defraud the EB-5 Creditors.

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28 Subsequently, a federal grand jury in Connecticut indicted Mrs. Matthews last month. The government charged Mrs. Matthews with tax evasion, and she was released on a \$100,000 bond. The charges relating to Mrs. Matthews further outline how the Matthews used the Debtor as a vehicle to defraud the EB-5 Creditors and also defraud the IRS by using the Debtor to shield themselves from income that would otherwise be taxable.

29 Despite being allegedly owed over \$37 million, Mr. Straub funded the retainer for the Matthews' criminal defense attorneys. In a recent lawsuit against the Connecticut law firm of Wiggins & Dana, LLP, Mr. Straub describes in detail how he (through Palm Beach Polo, Inc., another Straub entity) paid for Mr. Matthews' retainer in the criminal matter. A copy of the complaint against Wiggins & Dana, LLP is attached hereto as EXHIBIT R.

30 On August 3, 2018, the Securities and Exchange Commission filed a complaint against Palm House, Mr. Matthews and other parties for violating the antifraud provisions of the federal securities laws relating to the EB-5 fraud. A copy of such complaint is attached hereto as EXHIBIT S.

31 The SEC complaint further outlines how the Matthews used EB-5 Creditor monies to fund their lavish lifestyle. Nonetheless, as described in greater detail *infra*, for reasons unknown to the Debtor, Mr. Straub has continued to aid the Matthews' efforts in defrauding their creditors.

G. Mr. Straub and the Matthews' Tangled Financial and Personal History.

32 Mr. Straub and the Matthews have a long and tangled history involving financial (and potentially non-financial) dealings that are highly unusual and unlike any debtor-creditor relationship the Court has likely ever seen. Mr. Straub has repeatedly acted in a manner unlike any legitimate, arm's length lender.

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33 Mr. Straub has been keenly aware of Mr. Matthews' prior financial troubles and the many serious allegations of financial fraud made against Mr. Matthews since as early as 2009.

34 Despite the knowledge that Mr. Matthews was an extremely poor credit risk, Mr. Straub has continued to "lend" the Matthews money and engage in unconventional business deals with them.

35 Mr. Straub views Mr. Matthews as a "hustler." During Mr. Straub's deposition, he testified that:

[Mr. Matthews] didn't lose that house. I know some way that son of a gun still holding on to I don't know \$16 million house on the ocean without paying anybody anything so I know Bob is a hustler and if you're going to bet on somebody. If he's a hustler somehow he's going to convince the next guy to come up with the money, get a hold of Koch and bring Koch down and get a hold of Green and bring Green down. There are people in Palm Beach that are a lot riskier than what I am and can afford to write it off.

If I lose -- if I lose this case based on the fact I didn't follow the proper procedures then that just goes to prove to teach me that I'm in a riskier business because I believe I look at the person, that I give them loans based on the person not on something else so I guess normal bankers wouldn't touch him because he wouldn't qualify. In my case he's a hustler and I'm not saying right or wrong but he's a hustler and he obviously convinced your clients to come up with some money and then he moved that money around besides just to get them the money move the money around. So that proves this kid is a hustler. Now maybe you guys will go after criminal means or whatever it may be but whatever agreements that's up to you guys I don't follow with the time period but the guy had proven that me lending him money if he did it once before he maybe come up the third time to pay me off, who knows. If get paid off. Then I was right, if I was wrong I would eat it both ways. I would take the damn thing back and come down there and run some operation that needs another year and a half work done. A year and a half to me, I am 68. That's a long time to take someone else's five years when they're at age 40.

Straub Depo Tr 152:19-154:11

36 The Debtor has only begun its investigation into the extent of below board transactions between the Matthews and Mr. Straub. While the Debtor believes that the examples set forth in the Motion may only be the tip of the iceberg, based upon the complete lack of

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consideration for the Mortgage and inequitable conduct, KK-PB should not be permitted to credit bid at the sale of the Hotel.

H. Mr. Straub and Mr. Matthews' Prior Dealings.

i. The Nantucket Scheme.

37 Mr. Straub and Mr. Matthews have previously used the legal system to defraud legitimate creditors of Mr. Matthews and to benefit Mr. Straub. A newspaper article from the Inquirer and Mirror in Nantucket outlining Mr. Matthews' and Mr. Straub's financial dealings is attached hereto as EXHIBIT T.

38 In or around 2009, Mr. Matthews was involved in another failed hotel project in Nantucket, Massachusetts (the "Point Breeze Hotel") and he owed millions to creditors. Several creditors obtained judgments against Mr. Matthews and sought to collect against his assets, including a house in Nantucket (the "Nantucket Property"). These judgment creditors filed a verified complaint in the Nantucket Superior Court against *inter alia* Mr. Matthews and Equipment Leasing International ("ELI"), an entity owned by Mr. Straub (the "Nantucket Complaint") seeking to unwind the various fraudulent transfers pursuant to the Massachusetts Uniform Fraudulent Transfer Act. A copy of the Nantucket Complaint is attached hereto as EXHIBIT U.

39 As set forth in the Nantucket Complaint, about one month before the judgment creditors obtained and recorded a writ of attachment in order to execute on the Nantucket Property, Mr. Matthews permitted a \$6,000,000 mortgage assignment to be recorded by Mr. Straub's company, on the Nantucket Property (the "Nantucket Mortgage"), presumably with the intent to thwart the subordinate judgment creditors' collection efforts. Nantucket Compl. ¶ 19-30. Then, pursuant to a "loan agreement" between Mr. Straub's company and Mr. Matthews, Mr. Straub transferred \$773,000 to J.P. Morgan Chase, the holder of the first mortgage on the Nantucket home.

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A copy of the loan agreement is attached hereto as EXHIBIT V. The loan agreement provided that after the payment to J.P. Morgan Chase, Mr. Matthews was to sell the Nantucket Property and "utilize the proceeds from the sale of the Nantucket home to fund a Trust to be formed for the benefit of Mrs. Matthews and her two (2) daughters as beneficiaries." The loan agreement further provided that only Mr. Straub could select the trustee under this trust.

40 Not surprisingly, Mr. Matthews "defaulted" under the loan agreement and in October of 2010, Mr. Straub filed a lawsuit against Mr. Matthews in the Palm Beach County Circuit Court seeking to foreclose the Nantucket Mortgage. In such action, Mr. Straub alleged that the Matthews were transferring money out of their names to third parties. The net result of these machinations was that Mr. Straub successfully alienated whatever equity Mr. Matthews had in the Nantucket Property beyond the reach of Mr. Matthews' legitimate creditors and yet Mr. Matthews remained in possession of Nantucket Home for many years to come.

41 On July 6, 2009, the judgment creditors filed an involuntary bankruptcy against PB Realty Holdings, LLC ("PB Realty Holdings"), a Massachusetts entity owned by Mr. Matthews that was the owner of the Point Breeze Hotel, thereby initiating *In re PB Realty Holdings, LLC*, Bankruptcy Case No. 09-16389-WCH, Eastern District of Massachusetts (the "PB Realty Bankruptcy"). The chapter 7 trustee in the PB Realty Bankruptcy (the "Trustee") filed an adversary complaint against Mr. Matthews and other parties alleging that Mr. Matthews misappropriated and fraudulently transferred over \$59 million in loan proceeds that were meant for the Point Breeze Hotel project, and how he used multiple corporate entities, including Royal 160, LLC (the predecessor entity to the Debtor herein), as alter egos and vehicles to defraud creditors. A copy of the adversary complaint is attached hereto as EXHIBIT W.

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42. Ultimately, on November 16, 2012, the Trustee entered into a settlement with Mr. Matthews whereby Mr. Matthews bought his way out of that case for a payment of \$600,000 and the purchase of over \$36 million in creditor claims (including the claims of the judgment creditors who filed the Nantucket Complaint).

43. Upon information and belief, Mr. Straub provided the funds and purchased the claims necessary to resolve Mr. Matthews litigation with the Trustee.

44. Two years after foreclosing on the Nantucket Property, Mr. Straub funded an unknown amount of money to effectuate Mr. Matthews' settlement with the Trustee. Why would any legitimate arm's length lender fund this settlement? Would Citibank fund such a settlement? The answer to those questions is quite obvious.

45. Notably, Mr. Straub funded this bankruptcy settlement roughly a year prior to his decision to "finance" Mr. Matthews' re-purchase of the Hotel; the decision to fund this settlement occurred approximately two years before Mr. Straub sought to foreclose his Mortgage on the Hotel.

ii. Mr. Straub and the Matthews Orchestrate a Friendly Foreclosure of the Lot Behind the Hotel.

46. In September 2014, Mr. Matthews used his company, Mirabilia, LLC ("Mirabilia"), to purchase a lot located behind the Hotel for \$5.8 million dollars. Upon information and belief, the funds used to purchase the lot were diverted funds provided by the EB-5 Creditors. Mr. Matthews is the owner and manager of Mirabilia. In or around 2015, Mirabilia and an entity called Medici Finanza, LLC ("Medici") entered into a Deed in Lieu of Foreclosure dated March 24, 2015 (the "Deed"), and such deed is recorded on May 26, 2016. The Deed is signed by Les Evans, the Debtor's pre-petition attorney, and witnessed by Craig Gallo, Mr. Straub's attorney and registered agent for Medici.

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Palm Beach Polo, Inc. (through Mr. Straub) loaned Mr. Matthews the \$150,000 retainer necessary to retain criminal defense counsel.

52. As noted in Exhibit R, on September 11, 2017, Palm Beach Polo filed an odd complaint in the federal district court against the Connecticut law firm of Wiggin & Dana, LLP, seeking to recoup the retainer paid to the firm on Mr. Matthews' behalf.

53. Notably, the complaint highlights Mr. Matthews' and Mr. Straub's business dealings and apparent fallout in July, 2018. See Complaint at Para. 12.

54. Also, Mr. Straub has paid for the real estate taxes for the Hotel not through KK-PD, but through a different entity. Specifically, the Palm Beach County Tax Collector's website shows that Arena Ventures LLC paid the Debtor's 2015 real estate taxes in the amount of \$212,586.30 on August 17, 2016, and 2016 real estate taxes in the amount of \$225,713.93 on August 17, 2016. A copy of the 2015 tax payment information is attached hereto as EXHIBIT Y. A copy of the 2016 tax payment information is attached hereto as EXHIBIT Z. The Florida Department of State, Division of Corporations information regarding Arena Ventures LLC shows that its manager is Mr. Straub, a copy of which is attached hereto as EXHIBIT AA.

55. Mr. Straub's use of a separate entity to satisfy the past due real estate taxes is especially suspect given his prior predilection for orchestrating friendly forecloses that seem to ultimately benefit both the Matthews and Mr. Straub to the detriment of Mr. Matthews' legitimate creditors.

J. Mr. Straub's Relationship with Mrs. Matthews.

56. Quite possibly the reason why Mr. Straub has formed trusts for the benefit of Mrs. Matthews daughters and altruistically bailed Mr. Matthews out from his litigation in Boston is that Mr. Straub is, in reality, more than just a business associate of the Matthews

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47. On January 27, 2017, the parties recorded a Corrected Deed in Lieu of Foreclosure, which stated that it was being recorded to correct the notary and witness acknowledgment, and is signed by Ms. Matthews on behalf of Mirabilia.

48. On February 1, 2017, Medici sold the property to Timothy & Gayle DeVries for \$5 million dollars, and Craig Gallo signed the deed as the manager of Medici. Upon information and belief, the Debtor believes that Mr. Straub is affiliated with Medici and Timothy & Gayle DeVries, especially in light of his attorney signing the pertinent documents on behalf of such entities.

I. Mr. Straub and the Matthews' Continued Dealings.

49. As discussed *supra*, despite being purportedly owed over \$37 million, Mr. Straub continues to provide significant financial resources to the Matthews.

50. For example, on June 6, 2018, in order to gain access to Mr. Matthews who was prohibited from speaking to witnesses in the Criminal Case, Mr. Straub filed a *Declaration of Glenn F. Straub* (the "Straub Declaration") in the Criminal Case stating *inter alia* that he considers himself "an acquaintance of Robert Matthews, and a close friend of his wife, Maria Matthews[,] and "[f]rom time-to-time, I socialize with the Matthews' family, including their two daughters."⁶ See Straub Decl. ¶ 1. A copy of the Declaration is attached hereto as EXHIBIT X. The Straub Declaration also states that Mr. Straub loaned Mr. Matthews a car, and he seeks the ability to speak to Mr. Matthews in order to provide support and comfort to the Matthews' family. See *id.* at ¶ 2-4.

51. Despite representations in Mr. Matthews' individual Chapter 11 case to the contrary, recent court papers filed by Palm Beach Polo, Inc. ("Palm Beach Polo") indicate that

⁶ Based on the Straub Declaration, on June 22, 2018, the court issued a *Ruling and Order on Motion to Modify Conditions of Release* permitting Mr. Matthews to communicate with Mr. Straub regarding ongoing business matters not the subject of the prosecution.

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57. Upon information and belief, Mr. Straub and Mrs. Matthews had and may continue to have a close and intimate relationship.

58. Ryan Black, the 1% owner of Palm House, has informed the Debtor that in November of 2014 at a business meeting in Mr. Straub's office, when asked why Mr. Straub hadn't declared a default or started to foreclose on the Mortgage, Mr. Straub stated that he would give Mr. Matthews an extension, "every time Bob [Mr. Matthews] let him sleep with Mia [Mrs. Matthews]." An email from Ryan Black confirming these allegations is attached hereto as EXHIBIT BB.

59. More recently; however, it appears that the relationship between Mr. Straub and Mrs. Matthews may have soured.

60. On July 5, 2018, an entity controlled by Mr. Straub, West Coast Investors, LLC ("WCI"), filed a complaint against the Matthews in the circuit court for St. Lucie County.

61. The complaint alleges claims of fraudulent inducement with respect to a loan, breach of a loan agreement, promissory estoppel, and unauthorized use of a credit card (the "St. Lucie Complaint"). A copy of the St. Lucie Complaint is attached hereto as EXHIBIT CC.

62. The St. Lucie Complaint shows that WCI's predecessor-in-interest, Palm Beach Polo, Inc., made a \$150,000 loan to Mrs. Matthews for the benefit of Mr. Matthews in May 2018, and a second \$150,000 loan to Mrs. Matthews for the benefit of Mr. Matthews on May 28, 2018.

63. An Assignment Agreement dated July 3, 2018 is attached to the St. Lucie Complaint as Exhibit I and shows that Palm Beach Polo, Inc. assigned the loans and credit card use claims to WCI, and that Mr. Straub, as president, signed on behalf of both entities. Would Citibank loan one of its commercial borrowers a car or freely let it use a credit card? Obviously not.

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64 Mr. Straub has a history of suing his prior paramours and was being investigated by the Broward State Attorney's Office in that regard. On two recent occasions, Mr. Straub's company, Palm Beach Polo, Inc. has filed lawsuits seeking to impose liens, obtain judgments and/or foreclose upon the homes of his ex-girlfriends. A copy of an August 16, 2017 SunSentinel article outlining the allegations of these lawsuits is attached hereto as EXHIBIT DD.

K. PHH Records a Mortgage on the Hotel Unsupported by Consideration.

65 Turning to PHH, on or about January 21, 2013, PHH and Palm House entered into a transaction under which PHH would loan Palm House between \$500,000 and \$39,500,000, and Palm House executed a loan and security agreement in favor of PHH, a promissory note in favor of PHH. Upon information and belief, the Bad Actors used PHH as the alleged investment company in which the ED-5 Creditors would have an equity interest in in exchange for their investments.

66 Approximately 20 months later, in September 2014, PHH and the Debtor entered into a Mortgage and Security Agreement (the "PHH Mortgage") under which the Debtor granted PHH lien on the Hotel to secure a payment of \$39,500,000. The PHH Mortgage, a copy of which is attached hereto as EXHIBIT EE, was signed by Ryan Black as the managing member of Palm House. PHH recorded the PHH Mortgage on October 17, 2014. PHH did not provide a loan in the amount of \$39,500,000 to the Debtor. Upon information and belief, PHH provided no consideration to the Debtor in exchange for the PHH Mortgage. Further, upon information and belief, at the time Ryan Black signed the PHH Mortgage, he had been ousted as manager and lacked authority to bind the Debtor.

67 A few months later, on December 2, 2014, PHH initiated case no. 2014CA014382 against Palm House by filing a complaint with one count for a breach of promissory note and a

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second count for money lent (the "PHH Complaint"), a copy of which is attached hereto as EXHIBIT FF. PHH states that it "advanced at least [\$31,800,000] to [Palm House]." PHH Compl. ¶ 8. The Debtor is not a party to this suit, and PHH has not sued the Debtor under the PHH Mortgage or otherwise.

II. The Proposed Bankruptcy Sale of the Hotel and Mr. Straub's Post-Petition Interference with the Sale Process

68 The Debtor is in the process of marketing the sale of the Hotel and has filed a Motion for the Entry of an Order (i) Approving Bid Procedures and Bid Protections in Connection with the Sale of Substantially All of its Assets, (ii) Approving the Form and Manner of Notice and Sale, (iii) Scheduling an Auction and Sale Hearing and (iv) Approving the Sale of the Assets Free and Clear of Liens, Claims and Encumbrances (EAF No. 92) (the "Bid Procedures Motion"), which includes a proposed asset purchase agreement with a stalking horse bidder for a purchase price of \$32,000,000.

69 Following the Petition Date, on September 6, 2013, Mr. Straub visited the Hotel on two occasions and interfered with the Debtor's meetings with parties interested in the Hotel who may become potential bidders. The Debtor believes that Mr. Straub has a reputation of being litigious, and his presence on the Hotel would interfere with the marketing of the sale of the Hotel. A potential broker interviewed by the Receiver was reluctant to be involved with the sale of the Hotel based on Mr. Straub's reputation.

70 The Debtor believes that KK-PB may assert a secured claim and right to credit bid in the amount of \$37,000,000 or more, and PHH may assert a secured claim and right to credit bid in the amount of \$39,500,000 or more. Through this Motion, the Debtor seeks to prevent KK-PB and PHH from credit bidding with respect to the sale of the Hotel.

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LEGAL ARGUMENT

I. The Court's Power to Limit a Creditor's Right to Credit Bid.

71 Pursuant to section 363(k), the Court has the power to limit a creditor's right to credit bid for cause. Section 363(l) states that:

(k) At a sale under subsection (b) of this section of property that is subject to a lien that secures an allowed claim, unless the court for cause orders otherwise the holder of such claim may bid at such sale, and, if the holder of such claim purchases such property, such holder may offset such claim against the purchase price of such property.

11 U.S.C. § 363(k) (emphasis added).

72 "[O]nly an allowed claim under § 502 is entitled to 'credit bid' at § 363(b) sale." *In re RML Dev., Inc.*, 528 B.R. 150, 154 (Bankr. W.D. Tenn. 2014). While a secured creditor has the right to credit bid, the "law is equally clear, as Section 363(k) provides, that the Court may for cause order otherwise." *In re Fisher Auto Holdings, Inc.*, 510 B.R. 55, 59 (Bankr. D. Del. 2014) (quotations and citations omitted). Further, section 105(a) states that the "court may issue any order, process, or judgment that is necessary or appropriate to carry out the provisions of this title." 11 U.S.C. § 105(a).

73. "The term 'cause' is not defined in the Bankruptcy Code and is left to the courts to determine on a case-by-case basis." *In re Old Prairie Block Owner, LLC*, 464 B.R. 337, 348 (Bankr. N.D. Ill. 2011). Various courts have limited credit bid rights where a creditor's allowed secured claim is in dispute, the creditor engaged in inequitable conduct and/or limiting a creditor's right to credit bid would foster a competitive bidding environment. For example, in *In re Donjustie Island Properties, LLC*, the court determined that William R. Dixon ("Dixon") would not have the right to credit bid because his secured claim was disputed. 441 B.R. 60, 63 (Bankr. D.S.C. 2010). The chapter 11 trustee had sought to avoid Dixon's mortgage as a preference but

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dismissed such case without prejudice pending determination of the value of the property and to avoid costs. *Id.* at 63. Also, a secured creditor filed a complaint to invalidate and/or subordinate Dixon's mortgage and claim, and the court had determined that such creditor's mortgage had priority over Dixon's mortgage. *Id.* The court held that "Dixon cannot credit bid his asserted mortgage under § 363(k)" and even if he were allowed to credit bid he would be required to "pay the mortgages and liens (if any) which have priority senior to its mortgage." *Id.* at 64.

74. Also, in *In re RML Dev., Inc.*, the debtor owned two residential apartment complexes. 528 B.R. 150, 152 (Bankr. W.D. Tenn. 2014). A lender asserted a first priority secured claim, and an individual creditor asserted a secured claim in the amount of \$3,869,000 under a constructive trust theory that arose prior to the lender's financing arrangement. *Id.* After two pending sales failed to close, the lender sought to amend the sale orders to permit it to credit bid. *Id.* at 153. The debtor argued that the credit bid should be limited to the undisputed portion of the lender's claim, and objected to the lender's interest calculation and payment reconciliation. *Id.* at 156. The court ruled that the lender's right to credit bid would be limited to the undisputed amount of its claim. *Id.*

75. In *In re The Free Lance-Star Pub'g Co. of Fredericksburg, VA*, the debtors sought to sell its assets through an auction. 512 B.R. 798, 799-809 (Bankr. E.D. Va. 2014). Around the same time, the lender initiated an adversary for declaration that it had a valid and perfected lien on substantially all of the debtor's assets. *Id.* at 809. The court held an evidentiary hearing and determined that the lender did not have a valid lien on certain assets and could not credit bid its claim against such assets. *Id.* The court also determined that the lender had engaged in inequitable conduct that required the court to limit the lender's right to credit bid in order to foster a robust auction because: (i) the lender purchased the loan from BB&T and pressed the debtor "to walk,

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hand in hand" with it through an expedited bankruptcy sale process" in a "classic loan-to-own scenario[.]" ii) when the lender learned that it did not have a lien on certain assets it made the "unilateral decision to expand the scope of its security interest" when its "overt requests for the Debtors to grant such liens on the Tower Assets failed[.]" iii) the lender did not disclose the filing of such financing statements to expand such scope of its security interest when the lender asked the court to grant it a lien on such assets during the cash collateral hearing, and iv) the lender pressured the debtor to shorten its marketing period and added language in the marketing materials that conspicuously advertise the lender's alleged 39 million dollar credit bid rights to frustrate the competitive bidding process. *Id.* at 803, 806. The court reduced the lender's right to credit bid from 39 million dollars to 13.9 million dollars for assets on which it had a valid lien. *Id.* at 808.

76. In *Fisker*, Hybrid Tech Holdings, LLC ("Hybrid") purchased a 168.5 million dollar senior loan facility for 25 million dollars. 510 B.R. at 57. The debtors and Hybrid entered into an asset purchase agreement under which Hybrid would purchase the debtors' assets for a 75 million dollars credit bid with no competitive auction process. *Id.* at 57. The debtors, who were non-operating, filed for bankruptcy and insisted that the sale hearing be held with only a 24-business day objection period, despite the court's "repeated admonition that the timing of the Sale Motion was troublesome." *Id.* at 60. The creditors' committee opposed the sale, opposed Hybrid's right to credit bid, and proposed an auction with Wanxing America Corporation ("Wanxing") as a bidder. *Id.* at 60-61. Wanxing made clear it would not participate in an auction if Hybrid was permitted to bid more than 25 million dollars. *Id.* at 60-61. The court limited Hybrid's right to credit bid to 25 million dollars because: i) without the cap, not only would there the bidding be chilled, but there would be no bidding by Wanxing, ii) Wanxing has a vested interest in purchasing *Fisker* because it recently purchased the primary component of Fisker electric cars for

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was an insider of the Debtor at the time he sold his interest to Palm House and obtained the Mortgage and Note for KK-PB;³ iii) any allowed claim of KK-PB should be equitably subordinated to the claims of other creditors, including those of the EB-5 victims, because, as discussed in greater detail *supra*, Mr. Straub orchestrated the leveraged buy-out described above while he was an insider of, and owed a fiduciary duty, to the Debtor, Mr. Straub engaged in significant self-dealing with respect to such transaction, Mr. Straub received \$2.9 million dollars from the accounts of the EB-5 Creditors, Mr. Straub likely received three payments relating to the Mortgage and Note from the EB-5 Creditors, KK-PB and Mr. Straub were involved in the EB-5 fraud, Mr. Straub has an inordinate amount of influence over the Matthews, Mr. Straub and Mr. Matthews have been involved in prior schemes that were used to thwart the legitimate interests of creditors and benefit Mr. Straub;⁴ iv) any allowed claim of KK-PB should be recharacterized as equity because even assuming *arguendo* that KK-PB and Mr. Straub provided monies or other consideration to the Debtor (which they did not), the Debtor was under-capitalized at the outset

³ The Debtor believes that such claims would be timely because *inter alia* the Debtor has already asserted the Counterclaims, and the Debtor has stand in the shoes of the EB-5 Creditors who have alleged fraudulent transfer claims against KK-PB and an equitable lien on the Hotel in the EB-5 Complaint, timely placed KK-PB on notice of such claims, and held unsecured claims against the Debtor. Moreover, the Debtor believes that the Internal Revenue Service may have an unsecured claim against the Debtor, and therefore, the Debtor would also be able to step into the shoes of the IRS and utilize a ten-year lookback period. See EB-5 Compl. at ¶¶ 393-424, 507-529; see *In re Eliparis*, 555 B.R. 877 (Bankr. S.D. Fla. 2016).

⁴ Section 510(c) states that after notice and a hearing, the Court may "(1) under principles of equitable subordination, subordinate for purposes of distribution all or part of an allowed claim to all or part of another allowed claim or all or part of an allowed interest to all or part of another allowed interest; or (2) order that any lien securing such a subordinated claim be transferred to the estate." 11 U.S.C. § 510(c). "Proper exercise of the equitable subordination power can take place only where three elements are established: (1) The claimant must have engaged in some type of inequitable conduct, (2) The misconduct must have resulted in injury to the creditors or conferred an unfair advantage on the claimant, (3) Subordination of the claim must not be inconsistent with the provisions of the Bankruptcy Act. *In re Rich Capital, LLC*, 436 B.R. 224, 232 (Bankr. S.D. Fla. 2010) (citing *In re Lenco Cyprus, Inc.*, 911 F.2d 1553, 1556 (11th Cir.1990).

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\$300 million through a bankruptcy, iii) "Hybrid's rush to purchase and to persist in such effort is inconsistent with the notions of fairness in the bankruptcy process," and iv) the debtors and creditors committee agreed that Hybrid's claim is partially secured, partially unsecured and of uncertain status for the remainder. *Id.* at 60-61.

77. Other courts have also concluded that a creditor's right to credit bid could be limited to foster a competitive bidding environment. See *In re The Free Lance-Star Publ'g Co. of Fredericksburg, VA*, 512 B.R. 798, 805 (Bankr. E.D. Va. 2014) (stating that "limiting the amount of the credit bid in this case will restore enthusiasm for the sale and foster a robust bidding process" and "[m]aximizing the value debtors might be able to realize from the sale of their assets is an important policy advanced by the Bankruptcy Code."); see also *In re Philadelphia Newspapers, LLC*, 599 F.3d 298, 316 n.14 (3d Cir. 2010), *as amended* (May 7, 2010) (stating that a "court may deny a lender the right to credit bid in the interest of any policy advanced by the Code, such as to ensure the success of the reorganization or to foster a competitive bidding environment.")

II. The Court Should Not Permit KK-PB to Credit Bid.

a. KK-PB Does Not Have an Allowed Claim and Any Claim Filed by KK-PB Would be Subject to Significant Dispute.

78. As an initial matter, the Debtor listed KK-PB in its schedule as holding a disputed claim. See ECF No. 1. KK-PB has not filed a proof of claim. As a result, KK-PB presently does not have any allowed claim. On this basis alone, KK-PB does not have the right to credit bid.

79. To the extent KK-PB files a proof of claim, such claim will be subject to significant dispute. For example, the Debtor intends to initiate an adversary proceeding raising various claims against KK-PB, including but not limited to: i) KK-PB and Mr. Straub provided no consideration to the Debtor and thus the Mortgage and Note are invalid; ii) the Note and Mortgage are avoidable fraudulent transfers because *inter alia* no consideration was provided to the Debtor and Mr. Straub

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based on the leveraged buyout discussed above and any alleged loan was provided when no disinterested lender would have extended credit.⁵

b. Additional Cause Exists for the Court to Limit KK-PB's Right to Credit Bid Because It Engaged in Inequitable Conduct and Permitting KK-PB to Credit Bid Would Chill the Auction Process.

80. In addition to the aforementioned arguments relating to the allowance, extent, priority and validity of KK-PB's claim, the Court should restrict KK-PB's right to credit bid because KK-PB and Mr. Straub have engaged in significant inequitable conduct.

81. First, Mr. Straub, while serving as the manager and president of the Debtor, negotiated the leveraged buy-out transaction where he engaged in significant self-dealing and overreaching. Mr. Straub and KK-PB received the Mortgage and Note, and \$2.9 million dollars misappropriated from the EB-5 Creditors. Palm House and Mr. Matthews received the ownership interest in the Debtor. The Debtor, however, received nothing and, like the EB-5 Creditors, was ultimately fleeced. The above described testimony of Mr. Straub and email from Alexander Domb confirm that no consideration was provided to the Debtor. Further, Mr. Straub and KK-PB appear to have received three payments relating to the Mortgage and Note from funds provided by EB-5 Creditors.

82. Second, KK-PB and Mr. Straub are alleged to have been involved in the fraud perpetrated on the EB-5 Creditors. As set forth in the EB-5 Complaint: i) KK-PB and Mr. Straub knew that the hotel project would be used as an alleged EB-5 visa program and that the foreign

⁵ The issue to be determined in recharacterization is whether a transaction created a debt or equity relationship from the outset." *In re First NLC Fin. Serv., LLC*, 415 B.R. 874, 879 (Bankr. S.D. Fla. 2009) (citations omitted). "Recharacterization prevents an equity investor from labeling its contribution as a loan, and subverting the Bankruptcy Code's critical priority system by guaranteeing itself a higher priority and a larger recovery should the debtor file for bankruptcy." *Id.* (quotations omitted). "In recognizing the power of courts to recharacterize debt, the Eleventh Circuit stated the following test: 'Shareholder loans may be deemed capital contributions in one of two circumstances where the trustee proves initial under-capitalization or where the trustee proves that the loans were made when no other disinterested lender would have extended credit.'" *Id.* (quoting *In re D.D. Properties, Inc.*, 799 F.2d 726, 733 (11th Cir. 1986)).

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investors would want a mortgage on the Hotel to secure their investments, see EB-5 Compl. ¶ 513-515, j) KK-PB and Mr. Straub knew that potential investors were likely to perform due diligence and ascertain whether the Hotel provided adequate security for their investments, see *id.* at ¶ 516, vi) although KK-PB and Mr. Straub received the Mortgage from the Debtor on or about August 30, 2013, they did not record it for nearly seven months until March 29, 2014, see Mort. L. v) KK-PB and Mr. Straub's delay in recording created the façade that the Hotel was unencumbered by such debt, and the EB-5 Creditors would be able to obtain a first position mortgage on the Hotel, see EB-5 Compl. ¶ 520, v) by the time KK-PB and Mr. Straub recorded the Mortgage, the EB-5 Creditors had already wired their investments to be used for the hotel project, see *id.* at ¶ 421. KK-PB is further alleged to have received funds from the defrauded EB-5 Creditors as fraudulent transfers. See *id.* at ¶ 393-424. Given Mr. Mathew's history elsewhere and his significant unpaid creditors, coupled by losing this exact collateral to foreclosure previously, it defies logic and common sense that KK-PB did not record the mortgage immediately upon closing unless the goal was to conceal the financing.

82 Third, as described above, KK-PB initiates a suspect foreclosure action in an effort to maintain control over the Hotel, and the parties are unable to determine basic information regarding the closing during discovery in the foreclosure case, including who received what, if any funds and whether or not payments required to be made, were in fact paid. The closing statement has numerous errors, makes little sense and clearly does not accurately or truthfully reflect the transaction that took place. The closing attorney, who has been indicted for his involvement in the EB-5 fraud, testified that "[t]his was one of the craziest, sloppiest closings that I've ever had in 40 years and I'm not sure what the hell went on with some of it." Evans Depo. Tr. 37:1-37:12. Mr. Straub was unable to articulate whether he or KK-PB transferred any funds with respect to the

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transaction and dodged questions by stating "That's a legal question[.]" "I don't know anything about those things[.]" "[o]ver my pay seek[.]" and "[t]hat's not my job to do in the company." See Straub Depo. Tr. 79:2-79:15, 82:4-82:13.

84 Fourth, Mr. Straub, has had and may continue to have a bizarre and influential relationship over the Debtor, Mr. Matthews and Mrs. Matthews, and should be considered an insider of the Debtor after his resignation as manager and president of the Debtor in September 2013. Against all logic, Mr. Straub has provided extensive financial support to the Matthews. He, directly or through his companies, has paid for real estate taxes for the Hotel, loaned Mr. Matthews a car, and in May 2018, provided loans totaling \$300,000 to Mrs. Matthews for the benefit of Mr. Matthews. See Straub Decl. ¶ 1; see St. Lucie Complaint. Mr. Straub has also funded the retainer for the Matthews' criminal defense attorneys. Mr. Straub has described himself as "a close friend of his wife, Maria Matthews." See Straub Decl. ¶ 1. As discussed above, Ryan Black, the 1% owner of Palm House, has informed the Debtor that in November of 2014 at a business meeting in Mr. Straub's office, when asked why Mr. Straub hadn't declared a default or started to foreclose on the Mortgage, Mr. Straub stated that he would give Mr. Matthews an extension, "every time Bob [Mr. Matthews] let him sleep with Mia [Mrs. Matthews]." Such a close and intimate relationship between Mr. Straub and Mrs. Matthews further establishes that KK-PB and Mr. Straub are insiders of the Debtor. See, e.g., *In re McGraw*, 177 B.R. 366, 370 (Bankr. N.D. Fla. 1995) (defining an insider relationship to exist when "the relationship between the Debtor and Defendant would cause the Defendant to be able to gain an advantage similar to one arising from affinity.")

85 Fifth, Mr. Straub and Mr. Matthews have prior dealings that are suspect, including the above-described Hamrick scheme, and friendly foreclosure of the lot behind the Hotel.

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86 Sixth, Mr. Straub has continued to attempt to exert control over the Debtor and the Hotel. For example, in order to obtain access to Mr. Matthews after he was indicted, Mr. Straub filed the Straub Declaration stating that "I would like to have the ability to speak with Mr. Matthews from time-to-time because of his knowledge of the history of the PHH property, all of which can be useful for future sales of the hotel/condo units" and that having no contact with Mr. Matthews would "inhibit my ability to provide the support and comfort to the Matthews' family that I would prefer to give, and hamper my ongoing business dealings with the PHH Hotel property." Straub Decl. ¶ 3-4. Also, on September 6, 2018, Mr. Straub visited the Hotel on two occasions, unannounced and interfered with the Debtor's meetings with parties interested in the Hotel who may become potential bidders. The Debtor believes that Mr. Straub has a reputation of being litigious, and his presence on the Hotel would interfere with the marketing of the sale of the Hotel. A potential broker interviewed by the Receiver was reluctant to be involved with the sale of the Hotel based on Mr. Straub's reputation.

87 Restricting KK-PB's right to credit bid will facilitate the Debtor's ability to sell the Hotel through the proposed auction and administer the estate's assets for the benefit of its legitimate creditors through this chapter 11 case. Permitting KK-PB to credit bid, on the other hand, may derail the auction process and chill bidding.

88 The Debtor has filed the Bid Procedure Motion, requested an auction to be scheduled in early November, and has entered into an asset purchase agreement with a stalking horse bidder for the purchase price of \$32,000,000. Also, as of August 24, 2018, forty-two people have executed confidentiality agreements relating to the potential purchase of the Hotel. The Debtor is concerned that interested parties will be confused by the status of KK-PB's lien, how the

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auction process might proceed, and be less likely to participate in the auction process if KK-PB is permitted to credit bid.

89 Limiting KK-PB's right to credit bid would help restore and encourage a competitive bidding environment. Moreover, if KK-PB is permitted to credit bid without providing value to the estate and other creditors, and without providing for the payment of the break-up fee, the Debtor may not be able to proceed with the sale of the Hotel.

III. The Court Should Not Permit PHH to Credit Bid Because It Does Not Have An Allowed Claim, Any Claim It Filed Would Be Subject to Significant Dispute, It Engaged in Inequitable Conduct, and Permitting PHH To Credit Bid Would Chill the Bidding Process.

90 As an initial matter, PHH does not have an allowed claim and on that basis alone, it is not permitted to credit bid. The Debtor has listed PHH on its schedule as holding a disputed claim. See ECF No. 1. PHH has not filed a proof of claim.

91 To the extent PHH files a proof of claim, such claim will be subject to significant dispute. For example, the Debtor intends to initiate an adversary proceeding raising various claims against PHH, including but not limited to: i) PHH provided no consideration to the Debtor and thus the PHH Mortgage is invalid; ii) the PHH Mortgage is an avoidable fraudulent transfer because *inter alia* no consideration was provided to the Debtor; iii) any allowed claim of PHH should be equitably subordinated to the claims of other creditors because, as discussed in greater detail *supra*, PHH provided no consideration and was involved in the EB-5 fraud; iv) any allowed claim of PHH should be recharacterized as equity because even assuming *arguendo* that PHH provided monies or other consideration to the Debtor (which it did not), the Debtor was under-capitalized at the outset based on the leveraged buyout discussed above and the alleged loan was provided when no disinterested lender would have extended credit.

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92 In addition, the Court should restrict PHH's right to credit bid because it engaged in significant inequitable conduct. In addition to obtaining the PHH Mortgage for no consideration, as set forth in the EB-5 Complaint, PHH was used by the Bad Actors to obtain the investment funds from the EB-5 Creditors by allegedly selling them a limited number of 79 equity interests in PHH, a company that would be used in the development of the hotel and hold a mortgage on the Hotel, in exchange for \$500,000 and an administrative fee of \$40,000-\$60,000. See EB-5 Compl. ¶ 13(a), (c). "PHH was not a legitimate EB-5 project, but rather a facade and vehicle pursuant to which a group of conspirators stole over \$40,000,000 from over 90 foreign nationals seeking EB-5 visas and a better life for their families in the United States." *Id.* at ¶ 218. In count II of the EB-5 Complaint, the EB-5 Creditors have sought dissolution of PHH as members of PHH and to remove the Bad Actors from management and pursuing legal claims on behalf of PHH in an effort to cleanse their own criminal wrongdoing and settle claims with no benefit to the fraud victims. *Id.* at ¶ 303-314.

93 Permitting PHH to credit bid would chill the bidding process. The Debtor has filed the Bid Procedures Motion, requested an auction, and entered into an asset purchase agreement with the stalking horse bidder for the purchase price of \$32,000,000. Also, as of August 24, 2018, forty-two people have executed confidentiality agreements relating to the potential purchase of the Hotel. The Debtor is concerned that interested parties may be confused as to the status of PHH's lien, how the auction process might proceed, and be less likely to participate in the auction process if PHH is permitted to credit bid. Limiting PHH's right to credit bid would help restore a competitive bidding environment.

94 The Debtor reserves the right to supplement the Motion following the conclusion of discovery.

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ATTORNEY CERTIFICATION

I HEREBY CERTIFY that I am admitted to the Bar of the United States District Court for the Southern District of Florida, and I am in compliance with the additional qualifications to practice in this Court as set forth in Local Rule 2090-1(A).

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing was served on October 5, 2018, via CM/ECF to all parties registered to receive such notice via electronic filing.

/s/ Philip J. Landau

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CONCLUSION

95 In conclusion, KK-PB and PHH should not be permitted to credit bid because they do not have allowed claims, and any secured claim they might assert would be subject to significant dispute. Further, KK-PB and PHH engaged in significant inequitable conduct. The Debtor should be permitted to sell the Hotel through a competitive auction process, and hold the net sale proceeds in escrow, pending resolution of the claims of KK-PB, PHH and EB-5 victims.

WHEREFORE, the Debtor respectfully requests that the Court enter an Order: i) granting the Motion, ii) providing that KK-PB and PHH are not permitted to credit bid with respect to the sale of the Hotel, and iii) granting the Debtor any other and further relief the Court deems equitable and just.

Respectfully submitted,

SHRAIBERG, LANDAU, & PAGE, P.A.
Attorneys for the Debtor
2345 NW Executive Center Drive, #300
Boca Raton, Florida 33431
Telephone: 561-443-0800
Facsimile: 561-998-0017
plandau@slp.law
blee@slp.law

By: /s/ Philip J. Landau
Philip J. Landau
Florida Bar No. 504017
Bernice C. Lee
Florida Bar No. 0073535

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